trade practice document has that available it is available for respective members of nab CA and NC SLA through nab k org and nab CA I’m Sue’s me NC SLA org some housekeeping before we begin if you are experiencing any technical difficulties please contact citrix customer service directly at eight five five three five two nine zero zero two that's eight five five three five two nine zero zero two and give them webinar ID number one zero four two zero five three seven nine that's webinar ID number one zero four two zero five three seven nine so we expect this webinar to last about one hour with room for question and answer at the end if there
are a lot of questions and if attendees don't mind we may stay on a little longer

please know that once the webinar begins I'm not able to acknowledge receipt of questions but know that Pam will answer questions at the end if you have a question please type it in the chat window in the lower right corner of your screen at the end of the presentation I will ask the questions on your behalf this webinar is being recorded and will be available later through nab CA org you will find it under the resources tab just look for webinars in the drop-down list that appears so I'm going to
introduce Pam Erickson our speaker for

today

Pam is a passionate leader on alcohol
issues currently she owns public action
management which operates an education
campaign for a healthy alcohol
marketplace

from 1996 to 2003 she directed the
Oregon Liquor Control Commission which
included operating the Oregon Oregon's
distilled spirits business from 2003 to
2007 she worked at the Oregon
partnership to direct leadership and
media campaigns to reduce underage
derinking her education campaign is
designed to explain the purpose and
objectives of alcohol regulation in
simple terms she has developed several reports on deregulation in the United Kingdom and the U.S. and annually produces a report for policy makers called issue briefs. These reports explain how deregulation can lead to increased social problems such as high rates of underage drinking, public order offenses, and alcohol-related diseases. Recently, she launched a series of short reports; the latest one is number three. Fairtrade practice regulations Pam has also served as an expert witness in key alcohol regulation cases in Kentucky and California. Her educational materials are available at healthy alcohol market.com.

So I'm now going to turn the
presentation over to Pam and I would appreciate your patience with some possible technical difficulties that we may experience so Pam have just changed the presenter to you if you can pull up your powerpoint so that we can see your screen and begin the presentation okay.

Maggie thank you so much for the opportunity to talk about this very important but somewhat complex area Maggie do you have my screen up I do not see your screen I see the the welcome screen how about now no I don’t see that I don’t see your screen either what I may have to do is just take the control back and run
through the slides on my on my side how

about now

nope still no okay well then I think

that maybe you'll need to do the slides

yeah let me take it back so can you see

can you see the can okay

great so I'll I'll I'll Drive the bus if

you will okay first let's let me talk

about the objectives of this webinar and

I want to talk a little bit about why

these are important honesty and fair

dealing have always been a critical

factor in alcohol regulation and I think

you can see it today as states are

attempting to legalize marijuana it's

very important to have people who are in

the business who are honest who play
fairly and things are pretty transparent

that is just as important in alcohol

sales but oftentimes we hear a lot of

criticisms of fair trade practice laws

in alcohol

they're called Prohibition era

regulations not relevant today they just

get in the way of business people say

that alcohol is a quote legal product unquote and therefore should be sold

without regulation alcohol regulation

should be aimed at the public at public

safety and these a lot of people's opinions have nothing to do with the

public film escape but these things are not true originally these ones were developed with an eye for public health
and safety and it's they are very important but they're unfortunately poorly understood so I did of this webinar and a report on these issues to try to simplify this so people can have an understanding and I am reminded that in my seven years as a regulator I only had a vague understanding of these laws and I have come to believe they're very important but they're really hard for people to use and understand but I want to go back in history and explain why we have them how they came about and what they aren't designed to do next slide it begins with before prohibition before
prohibition we had huge problems with alcohol if you look at history you find that Americans were very heavy drinkers in 1830 Americans drank an average of seven gallons of pure alcohol compared j'en 2.3 today and regulation was basically non-existent we really didn't have much in the way of regulation alcohol was sold primarily in bars called saloons and we're virtually all what was called tied house which meant that they were really owned by a national supplier so a national supplier would be a big company it's a large enterprise that supply alcohol products and they would then and each of these saloons I sell that particular supplier
product and so each national manufacturer or supplier had to have a separate saloon in many many communities it was amazing how many saloons we had even in very small communities competition was really fierce and there was a there were a lot of methods used to induce people as much possible gambling prostitution special deals people could pledge their paycheck home this spawned very heavy drinking problems became a major social issue public disorder intoxication addiction family wages wandered prostitution gambling all of those were huge problems and they led to a fairly extreme solution which was prohibition
next after prohibition those who were involved in establishing regulations really had in mind that they did not want the market conditions to return that had spawned the social problems and at you’re at the side of the screen there’s a quote from a book called toward liquor control it was the a book that that displayed the results of a long-term study of alcohol regulatory systems throughout the world it was called word liquor control by Fosdick and Scott and in this book you find his quote the tide house system had all the vices of absentee ownership the manufacturer cared not knew nothing and
cared nothing about the community all he wanted was increased sales he saw none

of the abuses as a non-resident he was beyond local social influence that's actually why you see some in some states they have residency laws because they don't want a problem of the absentee owner who cares only about sales and as a regulator I can tell you that it's a lot easier to deal with a licensee that's in your state versus someone that is actually a national operator or even today a global operator with the head orders outside the country so after prohibition the 21st amendment gave a primary duty of regulation to the states
there is some federal regulations of the primary responsibility and as you saw prohibition was a federal response a one-size-fits-all there's a recognition that that didn't work very well that we need to allow some variation by state toward liquor control really provided a blueprint for how to regulate and you have to recognize that states really didn't know anything about regulation and didn't really have any experience with it before prohibition there was very little regulation or course during Prohibition it was a completely unregulated market but though those who were involved in the in the task of developing
regulations found that the market practices that fueled alcohol problems would never return and this led to a comprehensive regulatory system that's really unique in the world and actually pre effective in terms of curbing consumption of problems and it has several mechanisms one is a three-tiered system of licensure licensure um fair trade practice regulations and licensing system can use a football analogy everybody seems to use football analogies these days the three-tiered system is the structure like a football field with boundaries and lines the trade practiced regulations are like
rulebook all licensed business was

follow state and federal rules and just

like my reads state and federal agency

employees are there to enforce the

regulations the the three-tiered system

again is unique in the world there are

every few

places that have free cured systems but

most don’t

it is a regulatory structure of closed

product sale so a manufacturer has to be

licensed they can only sell their

product to a licensed distributor who

can only sell the product to an licensed

retailer each system is - is usually

required to be independent of the other

the three-tier system is designed to
prevent what's called vertical integration which is a form of monopolies where the manufacturer and the supplier are basically one business on one business arrangement and they can dominate the market and use whatever sales tactics they can get away with through that but there are two other benefits of the system that are not well known but they're really valuable one is that we have very safe products in other countries you often see stories about people dying from illegal tainted alcohol that almost never happens in our country because of this closed system and it is the distributor's job to track
every bottling can and when there's any kind of problem it's relatively easy to quickly pull these products from the shelves so that no customers aren't heard the sign benefit is very high tax collections in other countries they lose a third to a half of the potential revenue through leakages in a system we have almost no leakage and close to 100% tax collections so there are a couple of kind of unknown benefits for our system fair trade practice regulations I've divided them into five types financial ties sometimes called tie house laws exclusive outlet or business raiments commercial bribery consignment
sales and hair or uniform pricing now

we'll deal with each of those in some
detail laws prohibiting financial ties
or things of value there are tight house
laws in federal and state law basically
they prohibit ties between the tiers
involving ownership investment loans or
providing things of value now each state
will have their own set of laws and
while they may be variations on theme
each state does have different laws but
they are all to some degree or another
regulate things of value again because
these kinds of ties between a
manufacturer distributor and retailer
lead to Bertil vertical integration you
should understand that financial ties
are a common business practice with

other products the soda aisle for

every example usually has one type of only a
couple of different products but let's

go on to the next one exclusive business

arrangements this prohibits favorable

business deals and it's usually a price

break offered to one retailer or to a
group of retailers but not to everyone

and it usually involves buying less

product competitor exclusive deals are

very common with other commodities

sometimes you'll go to a particular

venue and they will only have Coke

products or Pepsi products I've always

thought it was curious when you go to a

restaurant and order and Coke and they
say well Pepsi me okay that means they have an exclusive arrangement with Pepsi to only sell Pepsi products not co-products and likely they got that exclusive arrangement through some sort of price break so these are common and not illegal with other commodities but it is not generally speaking a legal practice with alcohol and interestingly enough this practice these laws have actually fostered a flourishing craft beer business in the US whereas craft beer can't get to market in any other countries and this is what happens
Mexico is a good example where most
0:18:14.630,0:18:21.300
retailers have an exclusive agreement
0:18:17.330,0:18:26.340
with one of the two large air companies
0:18:21.300,0:18:28.500
and craft products simply can't get into
0:18:26.340,0:18:31.380
a store or bar because of those
0:18:28.500,0:18:34.830
exclusive arrangements Mexico's
0:18:31.380,0:18:37.890
Competition Commission ruled that some
0:18:34.830,0:18:41.070
of those already illegal that was just a
0:18:37.890,0:18:44.250
couple of years ago so the craft beer
0:18:41.070,0:18:46.530
industry in Mexico has had a very hard
0:18:44.250,0:18:52.350
time getting anywhere with their
0:18:46.530,0:18:54.300
products next commercial bribery is
0:18:52.350,0:18:58.050
pretty much what it sounds like it's
0:18:54.300,0:19:00.270
cash or gifts or gift cards that are
0:18:58.050,0:19:02.490
given to the owner or one of the
0:19:00.270,0:19:06.360
employees sometimes it's surreptitiously
0:19:02.490,0:19:08.610
to an employee but honestly there is a
trade off I'll give you this gift and

then I expect that you provide my

products over others that you give my

products or any special treatment

next one consignment sales consignment

sales represents an incomplete sale and

tends to perpetually deny the retailer

witness of liar it's incomplete because

the retailer can return unsold products

but it often results in as it

where the retailer is pushed into

ordering more product and really can

sell and oftentimes then the retailer is

pressured into fire selling selling it

and bumping up consumption so that's

kind of what consignment sales are and

finally we have pricing fair pricing
regulations the federal alcohol laws do not have pricing laws but there are federal pricing laws for example the federal robinson-patman Act does require fair pricing so a supplier of really any commodity is supposed to give the same price to similarly situated retailers in state law there are states that have what's called a uniform pricing loan or a ban on price discrimination and basically it means that distributors are supposed to offer their whole bank of products at the same price to everybody now some states low allow it's called channel pricing Arizona for example has a two channel pricing system so they
have to the distributor has to offer the
same price to all those that are
off-premise retailers those stores and
and that kind of thing they can have a
different price structure over the bars
taverns restaurants which are called on
premise channel but that's it it's only
two sets of prices and within those
categories and have to offer the same
price to everybody this we this reduces
the incentive to sell at discount and
it's particularly important for local
communities because if large companies
are able to sell it does
it can squeeze them out of business and
so and eventually dominate the market
next there are a lot of exceptions to
these laws in business why and let me
give you a little background on it there
is certainly a legitimate need for
advertising and promotion of products
all three segments of the alcohol
industry now have a lot of new products
and sometimes a third to a half of all
their revenue comes from new products if
you can't advertise a new product no one
will even know to buy it so advertising
is really critical a second thing that's
happened is that the average advertising
business has dramatically changed it
used to be that you would advertise
products in major media TV radio print
well those are all changed with TV and
radio stations are now in the
hundreds and the print media has dramatically changed so it's very difficult to use major media anymore and it's very very costly it's very hard to target your specific customer base through major media anymore so me is so advertising and promotion of alcohol products has moved in store in the bar or into events and so it's really quite different and often times you get into situations where in order to promote and advertise an event for example you're going to get into things that value kind of black wire so it's important to try to conceptualize and separate out those things that are really legitimate
advertising and promotion activities

0:23:59.870,0:24:06.450
versus just trying to buy your way into

0:24:02.630,0:24:09.380
a market through favors and

0:24:06.450,0:24:15.720
special deals and that kind of thing

0:24:09.380,0:24:18.630
next so what happens when trade practice

0:24:15.720,0:24:21.780
regulations are violated if you have a

0:24:18.630,0:24:24.210
single instance or of somebody providing

0:24:21.780,0:24:26.540
and thing of value to a tavern in a

0:24:24.210,0:24:29.790
rural location it only happens once

0:24:26.540,0:24:33.120
that's unlikely to create social

0:24:29.790,0:24:36.210
problems it's when these things go on

0:24:33.120,0:24:38.160
and become very widespread then you have

0:24:36.210,0:24:41.160
a dramatic change in your marketplace

0:24:38.160,0:24:45.150
and it's very difficult to get it back

0:24:41.160,0:24:52.920
on get back into a balanced marketplace

0:24:45.150,0:24:56.550
situation so continued use of discounts

0:24:52.920,0:24:58.530
and freebies eventually tie the retailer
to the supplier and the pressures or increased sales continues so it's important to remember that these freebies are are not just free they come with an expectation that you retailer are going to havior my product in some way you're going to use the discounted purchase price to drop your prices and induce greater sales of my product and as more and more retailers get involved these kinds of things then you have a huge amount of people that are attempting to sales in and eventually social problems will follow and they will become very widespread it's also important to remember that usually these price breaks aren't for your local
Mom-and-pop therefore the big venues that are really going to chase up sales so you are as small operators will be a great disadvantage and eventually you'll have a market dominated by just a few players next so let's look at a couple of examples of what happens when you have trade practice violations and example one it involves a supply in a large bar that agreed to host an event which will feature the suppliers products the supplier will provide discount product and a fairly high volume on because they expect a lot of attendees okay for event event advertising they'll pay for it you can
entertainment either a band popular

event or DJ'd and they'll pay for things

like extra seating extra drinks eight

sessions promotional signs and that kind

of thing and let's say that this event

goes on as expected if you're large

crowds and major sales but oftentimes

when you have large crowds and increase

sales especially discounted drinks and

that kind of thing

you also get fights duis neighborhood

disturbance an extreme and extra law

enforcement is required now as a

regulator I know that there it's

possible to manage a large bar really

well so you don't have a lot of problems

but it's a very difficult management
task and I have seen really good bars get quickly out of control and they change management or the manager decides to take on vacation it's a tough job so um so that's what can happen when you have a single supplier that colludes with the retailer and puts on a large event and the fact is that for most states supplying advertising extra stuff is counterpart all of those things are illegal practices let's look at a second example and let's just kind of continue this scenario and suppliers B and C they notice they that this particular event that was sponsored by supplier hey was very successful it got large sales and so they decided they're going to do the
same

and they were with several other bars

for more evidence large crowds are now

at several venues there are many more

and drunk patrons fighting littering and

toxication require major police and PR

services in the UK and in some us our

visitors this actually happens every

weekend with a great deal of regularity

in Scottsdale Arizona we have a large

fire district and it has been the

subject of lots of controversy and the

City Council has hasn't up in the new

ordinances changed a lot of security

measures trying to get the whole thing

under control some you really don't want
these kinds of things to get out of

0:29:23.830,0:29:29.650
control and one way to do it is to be

0:29:28.000,0:29:36.850
pretty tough on trade practice

0:29:29.650,0:29:40.210
violations next the United Kingdom is a

0:29:36.850,0:29:43.540
modern example of how market conditions

0:29:40.210,0:29:46.470
can’t create social problems at one time

0:29:43.540,0:29:48.940
the United Kingdom had a very good set

0:29:46.470,0:29:51.460
alcohol regulations in fact they were a

0:29:48.940,0:29:55.600
model for a lot of our what we call

0:29:51.460,0:29:59.830
licensed states that licensed everyone

0:29:55.600,0:30:03.730
itself sold alcohol but beginning in the

0:29:59.830,0:30:06.510
1950s they slowly deregulated over about

0:30:03.730,0:30:08.590
50 just extends to the point where

0:30:06.510,0:30:11.500
personally anybody can sell alcohol

0:30:08.590,0:30:14.650
alcohol is available in fishery stores

0:30:11.500,0:30:19.750
convenience stores bars pubs taverns

0:30:14.650,0:30:20.860
restaurants and closing hours are kind
of a thing of the past

you can literally buy alcohol 24 hours a day seven days a week

although they've started clamping down on extended hours in some communities

but big-box grocery stores have come to completely dominate the alcohol market

there are four large grocery chains that really have captured about 70% of the what's called off-premise market and they've done it by striking deals with suppliers they work directly with suppliers in buying an airy high-volume at very cheap prices and they often use alcohol as a loss leader to bring in patrons into their store they even affect the on-premise market because
alcohol is so much cheaper in grocery stores that customers have a few drinks at home before they go out to the bars and it's called pre drinking it has become very popular and bar districts have gotten really out of control the this photo is from the United Kingdom and many of the entertainment districts are so out of control that enforcement advises business not to go there because they're too dangerous so the UK has a much more drinking gun in the u.s. high rates of underage drinking in public drunkenness and huge health problems even if you were to clamp down and really be successful and
strength in in cutting back on heavy drinking you would still have problems because health post eight many years to develop in some cases and so you would see several years of continuing health problems even if you were able to instantly curtail things next so what does research say about alcohol regulations I meant two sources for research one is the Centers for Disease Control community prevention taskforce that reviews credible research and based of those reviews make recommendations of alcohol policies that are having the World Health Organization is also a good source for identifying effective alcohol regulations and what
those organizations recommend as effective regulations that impact the price of alcohol so really cheap alcohol induces consumption in social problems reasonably balanced prices are really kind of the way to go aggressive promotions and numbers of outlets are also other factors in inducing alcohol problems it is also important to remind people why we regulate alcohol we seem to be in a period of kind of apathy about alcohol harm the CDC estimates that we lose we have 88,000 deaths annually due to alcohol and that's from all causes crashes poisonings liver cirrhosis other kinds of diseases that are alcohol induced and despite the
progress we've made on underage drinking

it's still unacceptably high we have

made great progress on this we've made

progress on drum training but it's still

unacceptably high alcohol is also a

causal factor in crime domestic problems

and other social problems it's important

to remember that we lose about 10,000

people a year due to drunk driving so we

haven't completely solved this problem

we've made great progress and we need to

continue it it's important to understand

that if a new product came onto the

market that had this much social harm we

would be it would it would engender mass

hysteria
we'd be ripping these products off the

shelf so it's important to remind people

that alcohol can cause great on them and

regulations

are actually effective and producing the

heart now let's talk a little bit about

the marketplace because a lot of the

arguments today are about the free

market and that we need to modernize our

regulations they're meant for a

different era I would say to you that

monopolies and marketplace domination is

just as much a threat today as it was in

former times if not more

this chart is it comes from the national

beer wholesalers Association but you can

see that the marketplace concentration
here has increased and the top two companies have about 70 percent of the market share and both of those companies are currently in talks to merge. Anheuser-Busch has a proposal to emerge with Miller Coors whether they will have that combined market share will depend on regulators who will probably require them that some of the resources so they are not so dominant but still it is daunting to think so much of the market share is just in a couple of companies next first of all let's talk about the free market myth the United States does not really have a free market for any food drink or drug product they are all regulated for
Public Health and Safety and certainly you would not want to have no regulations at all for things that we can just too many products as it is get through those screens and cause serious problems such as the ice cream that had tainted had some tainted products that we had a spinach crisis it's really important to regulate he's proud or public health and safety so selling action alcohol in an actual free market isn't really a helpful discussion because we don't have it and unlikely that we ever will so what should we talk about next slide well our marketplaces are not free of
regulation they really do try to give consumers some of the benefits of a market economy one is which prices are set by supply and demand where a for example a new product hasn't have to prove itself in the marketplace by people buying it because they like it not because there's been some deal that makes it so cheap that people buy that even though they would prefer to buy a different product some a balanced marketplace allows prices to be set by supply and demand and that works its magic and marketplace a second thing that that our regulations probably do is limit barriers to is to limit the barriers to new businesses and new
products this issue ensures a wide variety of products it allows large and small companies to operate with a reasonable profit in other countries. It's very common to allow exclusive arrangements for example in Mexico up until a couple of years ago all retailers bought theirs from one of two companies and they and the company that they bought from it was an exclusive arrangement they were precluded from mine any other products as one assault craft operators craft beer companies just couldn't get their product to market in Mexico and it really couldn't get a foothold that obviously hasn't have
in this country where we now about 4000

breweries and another 15 1600 in the

pipeline we have a flourishing craft

beer business we have a very vigorous

distilled spirits craft business and of

course the wine business has a lot of

large and small operators by limiting

the barriers such as exclusive

arrangements you allow a lot of products

they have a fair chance of making it in

the marketplace and it it provides

robust competition and a local market in

your community where there are a variety

of products new products in which local

commercial sector with profitable large

and small businesses ironically a free
market often requires government intervention because companies sort of naturally moved toward monopolies or dominance of one or a large one or more large companies you just need to go to your commercial sector in your community and see the dominance of large box words in home improvement in other kinds of business where are really only a couple of very large companies and eventually as it moves along customers and consumers lose the benefits of a market economy markets generally don't have a mechanism to prevent dangerous products so that's a very critical element of our regulations for these reasons many countries have an antitrust
or competition cognition but can wade
into the marketplace when things get out
of balance and the US has both federal
and state antitrust laws and I trust my
although sometimes it
Asura blacks it's interesting to note
that hair trade practice regulations are
common legal concepts that prevent an
anti-competitive practices a lot of
times these laws are criticized for
being antiquated meant for another era
and yet we find the same concepts in
antitrust legislation it at the federal
level of the primary law keeping
businesses competitive is the Sherman
Antitrust law which has several business
practices which are considered to be
anti-competitive price discrimination

that tends to create a monopoly you may remember we talked about our pricing laws and it's same concept goes up federal trust laws exclusive dealing agreements tying arrangements these are also business practices that have been deemed anti-competitive by the Sherman Antitrust law mergers and acquisitions are what we usually think of when we think of antitrust organizations but they're only part of it so it's important to make help people understand that these are alcohol laws they are very common in antitrust legislation and arguably mean alcohol products have more
of a free market than other commodities

and you know that in most cut parts of

our country large national chains

dominate our local retail markets in

large grocery stores suppliers you look

not to pay a sliding fee to get their

product on the Shelf basically they're

flying your way into a market and if you

want a favorable slot which is usually

at eye level

on an end of an aisle you have to pay

extra for that product choices very

limited just go and look at the soda

aisle and you will find basically ten

Pepsi products apparently do you see

anything that's a local soft drink

company my question is are there even
any I couldn't name one if you ask me
some product choice is very limited
limited and the large chain can really
prevent in products coming up large
teams also can undercut your small
operators so small local businesses have
a very hard time competing with a large
enterprises trade practice was or
difficult to enforce and there are a
couple of reasons for that and so I want
to talk a little bit about an
enforcement a lot of times to find a
trade practice violation you have to
engage in complex financial analysis and
oftentimes your enforcement staff is not
trained to do that
so you may be a sort of a handicap you
may have a staff Shiraz when I was a regulator I had one-half of one person dedicated to trade practice regulations so if we had a big case we would have been very handicapped and trying to handle that you have a lot of reluctant complainants and witnesses I would get complaints about trade practice violations but the complainant invariably would say you can never tell where you've got this information so I not only had someone who was reluctant complain but would never serve as a witness so it's very hard to make a case and then of course you have a lot of pressure to be quote business friendly
and I think that on that last point it's really important to have fairness in our marketplaces because you don't want to give some advantage marketplace advantage to a cheater what about all those honest licensees then play by the rules day after day and yet get undercut on price because they won't engage in unfair trade practices so it's important to understand why it's you know why you do enforcement of these laws I would suggest that you consider a comprehensive enforcement program obviously the the cheapest in way of enforcing laws is education it's true that a lot of people in the industry
really are fully familiar with a lot of these laws in Arizona there was a major investigation with widespread practice violations and they came to realize that in many cases the retailer was completely ignorant of trade practice regulations and engaging in things that they thought really were actually people it's really important to educate you and licensees in order to achieve voluntary compliance and if you haven't done an education effort for five years you probably need to do one because in those five years there's been major change over again in companies and lots of lots of other things you might want to consider something like random audits or
being some capability to do what's called forensic accounting so you have people who can understand various financial documents it's always helpful when you do enforcement actions to eventually publicize these things because it does increase the deterrent effect regular communication is really important once you do some base education following that up with some kind of memo or information even meetings semi-annually or quarterly it's always a good idea because it keeps this these issues up on the radar screen and I think will help deterrence and periodically it would be wise to
streamline and simplify your regulations
0:48:50.110,0:48:55.750
to enhance understanding and compliance
0:48:52.120,0:49:00.400
laws always get more complex as the
0:48:55.750,0:49:03.190
years pass and as legislators that
0:49:00.400,0:49:06.790
attempt to accommodate new ways of doing
0:49:03.190,0:49:09.190
things and period periodically you
0:49:06.790,0:49:11.980
really need to simplify these things so
0:49:09.190,0:49:16.540
that they're more effective so I would
0:49:11.980,0:49:18.970
recommend that also when you're when
0:49:16.540,0:49:23.200
you're doing an enforcement action or
0:49:18.970,0:49:25.510
responding to a complaint a couple of
0:49:23.200,0:49:29.620
things in your thought process might be
0:49:25.510,0:49:33.310
helpful one is what's the motivation is
0:49:29.620,0:49:36.880
somebody attempting to buy their way
0:49:33.310,0:49:40.150
into a marketplace they're just throwing
0:49:36.880,0:49:44.440
money or money around or are they trying
0:49:40.150,0:49:47.860
to engage in legitimate advertising and
promotion so it it's helpful to
understand the motivation in and then
look at if this is it really a
promotional event is it you know is it
within the boundaries of your laws
another thing is oftentimes the question
is given the supplier or distributor
provide things value and it's helpful to
look at to kind of categorize those
things there are some things where
they're just never legal if a supplier
is providing TV sets furniture hip cards
those just aren't ever legal and
you know so that you can focus on those
things that may or may not be legal
depending on whether they cross the
boundaries of say a monetary limit a lot
of times states will say you can provide

X number of signs one there are only

three or you can provide something that
doesn't see a monetary value of $100 so

those kinds of things will make many

hopefully make your job a little easier

um it's important to look at third party

benefits such as advertising and

entertainment fire nationals and it's

really paying for now so it's important
to look at those things and again while

the investigation may be difficult and
tedious it's important for teachers is

because Cheers

hurt the good licensee who follows the

rules and it would be really sad seeing
Sunday's put licensees pulled out of business because they refuse to cheat um finally in conclusion our fair trade practice regulations are not antiquated but they help maintain a balance marketplace that provides a lot of benefits for our consumers in our businesses the u.s. does not have a completely free market from any food or drink products so these tournaments are not really very helpful because they're simply not relevant um trade Kravis rate regulations can be divided into five categories financial ties exclusive contracts commercial bribery consignment sales and pricing practices and then exceptions lay out in
those categories reasonable retail trade

practice violations it autonomy almost

always involve social problems even in

US and

promise especially in areas that are

tainment districts but there are a lot

of bars and they're all doing trade

practice violations and again

well enforcement may be difficult a

multi-prong program using educational

communication on its investigation can

increase compliance and finally rules

are different in every state so industry

members must become knowledgeable about

the rules in which ever state they

operate and I'm going to give you some

resources where to find the rules
sometimes that's not easy but we have a

new resources resource that's designed
to help you out that resource is a
catalog of state regulations done in a
cooperative venture by the National alcohol beverage control Association and
the National Conference of State liquor administrators they work together and
developed a large questionnaire and have cattle among all those statements that responded and while it's a large publication it's organized by state so you can go to the state that you're working in and then you can go to the category and find out about their laws some states do have comprehensive
information on trade practices and
they're in a booklet or on our website
so it should always check with your
State alcohol beverage control
organization and there are a few states
that do not have a statement alcohol
agency or a very small state alcohol
agency for example in Nevada there is no
state alcohol agency everything's done
at the local level except for trade
practices which are enforced by the
Nevada Attorney General's Office so it's
important fine you know who does what
then I would like to offer my website
all of my publications are they're
available for download and it's free I
have a new short report on fair trade
practice regulation and I have a monthly

newsletter you can sign up for that

again it's free I have educational

pieces PowerPoint presentations I also

have a publication called issue breeze I

published this every year for 2016 I

will revise it and it has these are a
collection of one or two pages on single

topics I have about 16 different topics

that I have simple explanations and

they're designed really for policy

makers and people that don't have a lot

time to read anything extensively

also my legal expert reports are on my

website in the Maxwell pick pack vs.

Danner case it's a Kentucky case it has

a major discussion of why large grocery
Chains want to sell all forms of alcohol in their stores and lightly regulated environments anyway that's free for download on website and here are some websites that you can check and how to go about checking them for your information so I would be ready to take questions ok Pam thank you very much for your presentation we do have some questions we are at almost the top of the hour so hope folks can bear with us for just a short while again handful of questions for you Pam the first one is can you clarify the limitations or regulations applied to consignment sales I'm not I'm not an expert in that area
basically it it prohibits sales that are
really conditional one of the one of the
key elements to alcohol sales is they
have to be complete sales
and in many cases you know states that
have cash laws that you have to pay
immediately or within a few days and
that's designed to prevent some long
term relationship between a supplier and
a retailer consignment sales are are
basically incomplete sales where you can
return the product for example if it
doesn't sell and that kind of thing
okay next question
is private label a gray area for example
a retailer owning a label that is kind
of it may be a gray area it's a it's a
kind of unaddressed area I have a short report on private labels and it's available on my website in my opinion a branded a branded private label product from what I can tell is not legal but I'm not a lawyer and I I don't I haven't I've posed that question to the federal alcohol authorities and I haven't got any kind of answer so I don't really know I I think that's an area where I suggested that the offence issue in advisory because there are some situations where it it may or may not be legal I don't think we know very much about it okay and another question here it says we are in the process of setting up a comprehensive enforcement program
but need related referrals and resources

where can I find sample programs or elements of programs for example

education audits communications etc etc

okay

the state of Arizona

you can talk to you know maybe Lee Hill is their communication director and you might start with her Craig Miller used to and he probably he may still do I'm not really sure but he was in charge of a long involved investigation of trade practice violations and after they reached a settlement agreement in an issued fines they part of the settlement agreement involved in education program
and a commitment to have your staff attend some regular I think they were quarterly meetings and so that's that's a state where they really have attempted to do more with enforcement and they have a very small staff so you know things like that can be done I know that the state of Washington before they privatized and deregulated had a large trade practice staff and they still have quite a few trade trade practice regulations and so the Washington liquor and cannabis board might be a resource for some expertise they're also in the state of Massachusetts they just would actually in the middle of a significant investigation and I think they would be
a good source of advice Ted Mahoney is

the person that was in charge of the

investigation and I would recommend him

to you okay

those are the questions we have we're

getting ready to wrap up there was a

final question on receiving the

PowerPoint if you had registered in

advance for this webinar the PowerPoint

was mailed to you if you registered at

the last minute I may have not had an

opportunity to get your name but we'll

send you

PowerPoint presentation afterward if you

would like it feel free also to email me

directly and I will send the PowerPoint

presentation to you so Pam thank you
very much for your time and for sharing

your valuable knowledge with us and

thank you all for joining napkin on this

webinar if anyone has questions that we

did not address or thinks of something

afterwards feel free to email me

you should have my email address Maggie

bar sheeny at nab co.org

also please feel very free to visit the

napkin website wwm core for various

resources including white papers

previous webinars and other materials we

would like your feedback about this

session and will soon be sending you a

quick survey to complete so if you have

any suggestions for future webinars feel


free to offer that to us as well it is

1:02:29.570,1:02:33.020
our goal to give you the education and

1:02:31.460,1:02:35.300
tools that you need to perform your

1:02:33.020,1:02:36.950
function effectively thank you all again

1:02:35.300,1:02:41.440
for participating in today's webinar

1:02:36.950,1:02:41.440
wishing everyone a great day goodbye