

Sub-Group on Trade Practice of the LED Liquor Compliance Working Group

**FRIDAY JULY 24, 2015
2:00 PM TO 4:00 PM MOUNTAIN TIME
1881 Pierce Street Conference Room
Lakewood, CO 80214**

A meeting of the Sub-Group on Trade Practice of the LED Liquor Compliance Work Group was held at the time and place first above written. In attendance were the following individuals: Jon Stonebraker, Doug Caskey, Charles McGrigg, Joan Green Turner, John Tipton, Sonia Riggs, Nick Hoover, Mickey Petrollini, Michael Steppat, Nicky Stallings, Andrew Lemley, Garin Vortmann, David Reitz and Jen Penn.

John Tipton called the meeting to order at 2:00 PM Mountain Time.

John Tipton gave an overview of the prior work in 2014 of the Sub-Group and previously recommended actions to the entire 2014 LED Working Group. Once again he advised that any suggestions from this group should be presented to the larger LED Liquor Compliance Working Group for its consideration. From these suggestions the LED is focusing primarily on regulatory and rule changes and not statutory changes.

The Sub-Group discussed matters still needing resolution from the 2014 meetings including:

- Cumulative Discounting
- Retailer to Retailer Sales
- Hand Sales
- Value of Labor
- Product Discounting
- Advertising (possibly inserting a specific dollar amount cut off for free products)
- Unlawful Financial Assistance

Hand sales were the first matter discussed. There was discussion to clarify exactly what are hand sales, and that there are no rules in place currently to permit hand sales at off-premises retailers. John Tipton advised the group that in prior meetings it was determined that Patrick Maroney and the Division would send proposed rule to the Sub-Group for review to ensure that any proposed rule will meet industry needs and meet reasonable practices. He will follow-up with Patrick Maroney on this issue.

The Sub-Group then discussed cumulative discounts. There is currently a rule which most likely meets current industry needs, but there is required clarification. David Reitz stated that they are permitted, but certain requirements apply and all discounts must be present on each invoice. It was determined that the Sub-Group should follow-up to determine if this rule needs some clarification rather than any changes currently.

The Sub-Group then had a lengthy discussion regarding unlawful financial assistance particularly in regard to the issue of exclusion (Federal Law) versus control (Colorado Law and the Nobel Case). The Sub-Group agreed that any direct payments of cash for items would be or perhaps should be unlawful financial assistance. Beyond that several members were going to get back to John Tipton regarding their organization's views on what would be acceptable financial assistance.

The last item of discussion dealt with on-line transactions particularly at private tasting events where orders for products are then taken by the applicable licensee from on-line orders. This discussion also included “traveling vendor” tastings and orders. Additional discussion will take place regarding this issue with Patrick Maroney at the next meeting.

The group agreed that meetings should not be scheduled on Friday afternoons. The group also indicated that August 13 would not work for the next meeting. John Tipton thanked all for their attendance and advised them he would look at alternative dates for the next meeting. He would then have the LED send out a Doodle suggesting times and availability.

The meeting adjourned at 3:20 PM.