



ADMINISTRATIVE
MEETING OF THE
MICHIGAN LIQUOR CONTROL COMMISSION

Held: Tuesday, February 7, 2012
Lansing District Office

Present: Andrew J. Deloney Chairman
Teri L. Quimby, Commissioner
Donald B. Weatherspoon, Commissioner
Steve Robinson, Director of Finance Division
Andy Neumann, Director of Administrative Services Division
Julie Wendt, Director of Executive Services Division
Sharon Martin, Director of Licensing Division
Tim Kovacik, Deputy Director of Executive Services Division
Pam Hamilton, Deputy Director of Finance Division
Scott Maul, Deputy Director of Licensing Division
Andrea Miller, LARA Communications
Anita Fawcett, Executive Services Division

The meeting was called to order by Chairman Deloney at 11:06 a.m., noting a quorum was present.

- I. **Moved by Commissioner Quimby, supported by Commissioner Weatherspoon, that the minutes of the Commission meeting of January 24, 2012, be approved as written and presented, motion carried by unanimous vote.**
- II. Mr. Robinson presented the E-Quote reports for product listings in four categories and requested approval of the following:
 - A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective February 26, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	50ml Knob Creek Rye	60 Bottles
	750ml Knob Creek Rye	6 Bottles
	50ml Red Stag Trial Pack-3pk	90 Bottles

Crillon Importers Co. (NWS Michigan, Inc.)	750ml Absente LaCreme	6 Bottles
Domaine Select Wine Estates LLC (General Wine & Liquor Co.)	750ml Barsol Pisco Selecto Acholado	6 Bottles
	750ml Barsole Pisco Selecto Italia	6 Bottles
	750ml Barsol Pisco Sprme Mosto Verde	6 Bottles
	200ml The Bitter Truth Aromatic	12 Bottles
	200ml The Bitter Truth Celery	12 Bottles
	200ml The Bitter Truth Creole	12 Bottles
	200ml The Bitter Truth Grapefruit	12 Bottles
	200ml The Bitter Truth Jerry Thomas	12 Bottles
	200ml The Bitter Truth Lemon	12 Bottles
	200ml The Bitter Truth Orange	12 Bottles
	200ml The Bitter Truth Xocolatl Mole	12 Bottles
Sidney Frank Importing Co., Inc. (General Wine & Liquor Co.)	750ml Barenjager Honey & Bourbon	6 Bottles
International Beverage Holdings Limited USA, Inc. (General Wine & Liquor Co.)	750ml Balblair 1989 Scotch	6 Bottles
MHW, Ltd. (NWS Michigan, Inc.)	1000ml Chopin Wheat Vodka	6 Bottles
Proximo Spirits, Inc. (General Wine & Liquor Co.)	200ml 1800 Coconut Silver Tequila	24 Bottles
The Wine Group, Inc. (General Wine & Liquor Co.)	50ml Flip Flop Silver PL Rum	60 Bottles
	50ml Flip Flop Spiced PL Rum	60 Bottles
Diageo Americas, Inc. (NWS Michigan, Inc.)	750ml Caol Ila Distillers Edition	6 Bottles
	750ml LaGavulin 12 yr Scotch	6 Bottles
United States Distilled Products Co. (General Wine & Liquor Co.)	750ml Bison Ridge Special Reserve	6 Bottles

A. That the products listed below be granted exceptions to the standard pack size, inasmuch as the items are packaged nationally or meet other exceptions as indicated and be approved for listing in the approved products list effective April 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Laphroaig Triple Wood Scotch	6 Bottles
Luctor International, L.L.C. (General Wine & Liquor Co.)	750ml Tap 357 Canadian	6 Bottles
	750ml Van Gogh PB & J Vodka	6 Bottles
	1000ml Van Gogh PB & J Vodka	6 Bottles

McCormick Distilling Company, Inc. (General Wine & Liquor Co.)	750ml Wiser's Legacy Canadian	6 Bottles
New Holland Brewing Company, L.L.C. (General Wine & Liquor Co.)	375ml New Holland Black River	12 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective February 26, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACKSIZE</u>
Sazerac North America, Inc. (NWS Michigan, Inc.) Beverage Solution Technologies, LLC (NWS Michigan, Inc.)	1000ml House of Stuart Scotch	12 Bottles
Domaine Select Wine Estates LLC (General Wine & Liquor Co.)	750ml Prohibition Edition Bourbon	12 Bottles
McCormick Distilling Company, Inc. (General Wine & Liquor Co.)	750ml Blackwell Rum	12 Bottles
McCormick Distilling Company, Inc. (General Wine & Liquor Co.)	750ml 360 Huckleberry Vodka	12 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	750ml 360 Red Raspberry Vodka	12 Bottles
	1750ml Belvedere Unfiltered Vodka	6 Bottles
	750ml Glenmorangie Artein Scotch	12 Bottles

B. That the following requests for addition of product to the approved products list be approved for listing, effective April 1, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACKSIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Canadian Club Dock 57	12 Bottles
Heaven Hill Distilleries, Inc. (General Wine & Liquor Co.)	750ml Burnett's Blue Raspberry	12 Bottles
	50ml Burnett's Blue Raspberry PL	120 Bottles
	1750ml Burnett's Blue Raspberry PL	6 Bottles
	750ml Burnett's Pear	12 Bottles
	50ml Burnett's Pear PL	120 Bottles
	1750ml Burnett's Pear PL	6 Bottles
	750ml Burnett's Sugar Cookie	12 Bottles
	50ml Burnett's Sugar Cookie PL	120 Bottles
	1750ml Burnett's Sugar Cookie PL	6 Bottles
	375ml Evan Williams Cherry Reserve PL	24 Bottles
	375ml Evan Williams Honey Reserve PL	24 Bottles

C. That the following requests for promotional or special packaging be approved for listing, effective February 26, 2012:

<u>COMPANY/ADA</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Sazerac North America, Inc. (NWS Michigan, Inc.)	750ml Wave Blue Rasp w/50ml Baja	12 Bottles
	750ml Wave Whipped Cream w/50ml Baja	12 Bottles
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Jim Beam w/Kid Rock CD	6 Bottles
	750ml Sauza Blue Silver w/Marg Mix	6 Bottles
Brown-Forman Corporation (General Wine & Liquor Co.)	1750ml El Jimador Reposado w/Pitcher	3 Bottles
Sidney Frank Importing Co., Inc. (General Wine & Liquor Co.)	375ml Barenjager HNY-HNY BBN w/Jigger	12 Bottles
Moet Hennessy USA, Inc. (NWS Michigan, Inc.)	750ml Ardbeg w/50ml Ardbeg Uigeadail	6 Bottles
Skyy Spirits, LLC (General Wine & Liquor Co.)	750ml Wild Turkey 81 w/ Flask	6 Bottles
Spirits Marque One LLC. (General Wine & Liquor Co.)	1750ml Svedka Vodka w/Playing Cards	6 Bottles

D. That the following requests for deletion of product from the approved products list be approved for listing, effective February 26, 2012:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
International Beverage Holdings Limited USA, Inc. (General Wine & Liquor Co.)	750ml Balblair 1989 Scotch	12 Bottles

D. That the following requests for deletion of product from the approved products list be approved for listing, effective April 1, 2012:

<u>COMPANY</u>	<u>PRODUCT</u>	<u>PACK SIZE</u>
Jim Beam Brands Co. (NWS Michigan, Inc.)	750ml Laphroaig Triple Wood	12 Bottles
McCormick Distilling Company, Inc. 6 Bottles (General Wine & Liquor Co.)	750ml 360 Vodka Gift 07 w/1 GFL Bulb	
	750ml 360 Vodka w/2 Coasters	6 Bottles

Moved by Commissioner Quimby, supported by Commissioner Weatherspoon, that the above actions be taken in accordance with the E-Quote reports dated

February 6, 2012, motion carried by unanimous vote.

- III. Mr. Robinson presented licensee requests for special price reductions on spirit products in accordance with the provisions of the Commission's Order of February 15, 2006 regarding special price reductions on spirit products. He advised there are seven different licensees requesting price reductions; that 203 price reductions should be approved; and that 26 price reductions should be denied for the reasons stated in the attached reports.

Moved by Commissioner Weatherspoon, supported by Commissioner Quimby, that the 203 special price reductions be approved as indicated on the attached Approval for Price Reduction on Liquor reports, motion carried by unanimous vote.

Moved by Commissioner Weatherspoon, supported by Commissioner Quimby Weatherspoon, that the 26 special price reductions be denied for the reasons stated in the attached Notification of Denial for Price Reduction reports, motion carried by unanimous vote.

- IV. Mr. Robinson presented a summary of the December 2011 financial statement. He stated this report shows the results of our operations for the period of October 1, 2011 through December 31, 2011, and is compared with the same period from the previous fiscal year. Mr. Robinson advised Distilled Spirit case sales have increased 71,531 (3.7%) during the first three months of 2011-12 year, and in addition, the average price per case sold has increased 1.6%. He advised Total Gross Sales have increased over last year by approximately 14.5 million (5.4%), with one less sales day, and that Net Income from the sale of spirits is higher this year by almost \$6.0 million (12.6%). However, the total year-to-date expenses and transfers were approximately \$1.3 million higher than last year. Mr. Robinson reported that Beer taxes are up approximately \$600,000, and Wine taxes are up approximately \$150,000 for the first three months of the new fiscal year.

After a brief discussion, moved by Commissioner Weatherspoon, supported by Commissioner Quimby, to accept the financial report for December 2011, motion carried by unanimous vote.

- V. Mr. Robinson requested approval to write off uncollectible accounts. He advised this is routine information sent to the Michigan Department of Treasury (Treasury) relative to outstanding debts that the Commission has not been able to collect. Mr. Robinson stated that Treasury will try to collect the debt and if successful, the Commission receives 40 to 50% of the outstanding debt. He advised that the information will be added to the licensing and violation history of the licensee regarding the uncollectable

debt for future reference if the same person(s) applies for another license.

Moved by Commissioner Weatherspoon, supported by Commissioner Quimby, that the information concerning the uncollectible debts be forwarded to the Michigan Department of Treasury for collection as written and presented, motion carried by unanimous vote.

- VI. Mr. Robinson requested approval of a bulletin that would clarify the procedures for the MLCC's On-Line Ordering System for spirits. He advised the bulletin would include information that the licensee could add spirit products to their regular weekly on-line order by telephoning their Authorized Distribution Agent Customer Service Unit or through their sales representative.

Moved by Commissioner Weatherspoon, supported by Commissioner Quimby, that Bulletin No. 2012-02 be approved as written and presented, motion carried by unanimous vote.

Mr. Robinson requested approval of a bulletin that advises Vendors of Spirits and Vendor Representatives of changes to the Minimum Shelf Price Calculation Formula. He advised this change will be effective on October 1, 2012 and is being made to comply with Public Act 166 of 2011 which repealed the specific tax equal to 1.85% of the retail selling price of spirits sold for consumption off the premises. Mr. Robinson advised that to comply with the law, the Commission's regular schedule for the fourth quarter 2012 price change will be modified to occur on October 1, 2012 instead of at the end of October, with the final date to submit price changes for the new effective date, being July 20, 2012. Mr. Robinson advised that at the same time this tax is removed, the Commission will modify the rounding methodology used in the Minimum Shelf Price Calculation Formula and all truncations will be eliminated. He stated the changes in the rounding methodology and elimination of truncations will provide the Vendors of Spirits the ability to price their products at every possible price point.

Moved by Commissioner Weatherspoon, supported by Commissioner Quimby, that Bulletin No. 2012-03 be approved as written and presented, motion carried by unanimous vote.

- VII. Old Business – There was no old business to conduct.

- VIII. New Business

Chairman Deloney recognized the efforts of the Licensing Division staff for their hard work during the comprehensive review of the licensing procedures which began on

November 1, 2011. He stated this review process involved a series of meetings to develop impressive recommendations that involved lots of great work by the licensing staff. He stated that the Licensing Division is now in the implementation phase and the plan is to implement the changes in 60 days. Chairman Deloney advised this was a big undertaking and will make significant changes to the licensing process. He wished to give Director Martin and her staff a pat on the back and a thank you for all their hard work.

IX. Public Comments

Attorney Michael Brown discussed the new delinquent fine letters being sent out by the Hearings & Appeals Unit. He advised these letters state the fine is delinquent before the due date has been reached, which is confusing to his clients. Mr. Brown advised he is unclear as to the reasons for the change, but feels this is a waste of time and effort for the Commission staff. Mr. Brown suggested that in light of how slow the mail delivery seems to be that maybe a telephone call or email would be a more productive way to contact licensees for the payment of late fines. Mr. Brown also discussed the alternative suspension penalty and suggested that a late fee be imposed instead of the suspension days if the fines were not paid by the due date.

Chairman Deloney stated that since his appointment, he has discovered the staff does a lot of hand holding for the licensees in the form of reminder letters and still the licensees ignore the Commission orders and reminders. Chairman Deloney indicated that it appears some licensees do not take the Commission Orders seriously as they do not believe there will be any consequences. He stated some of the reminder letters will be discontinued, but that others will be retained if it is determined that the letter provides value. Chairman Deloney stated that Mr. Brown made valid points and thanked Mr. Brown for his suggestions. He advised Mr. Brown that the delinquent fine letter will be reviewed and modified to make certain the letter is clear and concise.

With no further business, moved by Commissioner Weatherspoon, supported by Commissioner Quimby, that the business meeting be adjourned at 11:45 a.m., motion carried by unanimous vote.

Anita Fawcett
Executive Services

Andrew J. Deloney
Chairman