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August 1, 2019

VIA EMAIL
AND FEDERAL EXPRESS

Andrew J. Deloney, Chairman
Michigan Liquor Control Commission
2407 N Grand River Ave
Lansing, MI 48906

RECEIVED

AUG 5 2019

MI LIQUOR CONTROL COMMISSION
OFFICE OF THE CHAIRPERSON

RE: Request for Declaratory Ruling – by Sellr Technologies, Inc.

Dear Chairman Deloney,

This firm represents Sellr Technologies, Inc. (Sellr). Sellr is a corporate entity and interested “person” as defined by MCL 24.205. Sellr provides interactive tablets and digital advertising that directly engages shoppers in retail locations. Pursuant to R 436.1971, we write this letter as a formal written request for a declaratory ruling as to the applicability of MCL 436.1609, MCL 436.1610, MCL 436.1610a, MCL 436.1610c, R436.1303 to R436.1331 (and any other Michigan laws or regulations relating to aid and assistance between alcoholic beverage tiers) to an entity such as Sellr that provides services to multiple tiers, but has **no** ownership or other interest in any alcohol tier. More specifically, Sellr is requesting a ruling that its provision of interactive advertising tablets to an alcohol retailer would not constitute a violation of the above laws and regulations by any of the parties involved (alcohol advertisers, Sellr or retailers) simply because the tablets contain advertising purchased by alcohol suppliers and/or manufacturers. The state of facts upon which the declaratory ruling is requested are as follows:

As referenced above, Sellr is an independent entity that creates and provides interactive advertising tablets to retailers throughout the world. These tablets provide customers with comprehensive information on over 400,000 products. Brand suppliers purchase advertising space from Sellr and provide pre-approved images, text or videos, which Sellr then runs on the tablets in agreed upon outlets (outlets most likely to serve the advertiser’s target audience). For example, tablets in a grocery store might contain advertising for Pampers diapers, Budweiser beer, and the local dry cleaning service. In a wine specialty shop, the majority of the advertising would likely be from various wine manufacturers, but might also include advertising by a local florist or bakery. Conceptually, the product is very similar to commercial television advertising where multiple unrelated brands are promoted through a single medium. However, unlike television advertising, Sellr provides its advertisers with a more targeted approach – utilizing an advertiser’s marketing dollars in places where their target audience is more likely to see the ads. Moreover, Sellr tablets offer a more meaningful and educational experience for the consumer. For example, there may be an ESPN ad running on a tablet in a grocery store, but the consumer sees a bottle of wine and wants to know more about the wine’s taste profile. The consumer could scan the bottle and the screen would then switch to the wine’s taste profile that has been pre-programmed with information from the manufacturer.

The market for Sellr Tablets is growing. The company has operated in several states and would like to enter into the Michigan market. Several Michigan retailers and suppliers have expressed an interest in the Sellr tablets. Although neither Sellr, nor any of its owners has any ownership interest in any tier of alcohol manufacturing, distribution or sale; we are reaching out to the regulators of various states out of an abundance of caution to insure that Sellr does not inadvertently put its retail or advertising clients in a compromised position because alcohol manufacturers and distributors advertise on the tablets. We want to work with regulatory authorities to make sure there are no issues or concerns about the placement and utilization of these tablets in retail establishments. This is also obviously an issue of interest to the retailers that are considering adopting the tablets for their locations.

For the foregoing reasons, Sellr seeks a declaratory ruling from the MLCC that Sellr's business model as described herein does not violate any of the legislative or regulatory prohibitions relating to manufacturer, supplier and retailer relationships. More specifically, Sellr is seeking a ruling that – because it is an independent company with no direct ties to any of the alcohol tiers, there would be no prohibitions against retailers utilizing Sellr tablets in their retail establishments, even though such tablets would contain advertising by various alcohol manufacturers/brands. Put another way, we are seeking confirmation that mere incorporation of Sellr tablets in retail outlets that sell alcohol would not be in violation of MCL 436.1609, MCL 436.1610, MCL 436.1610a, MCL 436.1610c, R436.1303 to R436.1331. (Please note that we are not asking for a ruling relating to advertising content. We understand that rules relating to content would be governed by Michigan law on a case by case basis – much like television advertising – and would not be part of the declaratory ruling we are seeking).

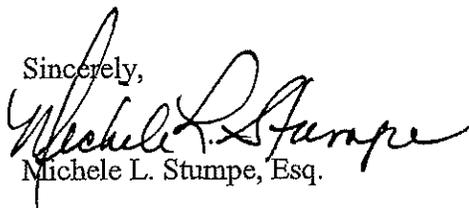
In an effort to further assist with the determination and ruling, below are additional relevant facts as they relate to Sellr's fundamental business model:

1. Sellr is an independent company with no ownership stake in or from suppliers, distributors, or retailers in the Alcohol Beverage Space.
2. The Sellr platform is available to more categories than alcohol beverages. It is currently in test with Jewelry, Health Supplements, and is flexible enough to work in many other categories. The platform additionally could be used for a "Price Checker" functionality throughout a retailer's store due to scanning capability.
3. Content displayed on Sellr screens is preapproved by Sellr and retailers prior to displaying. The advertisers are contractually obligated to insure that all content is in compliance with all federal, state and local advertising laws. If, at any time, content is deemed inappropriate, Sellr has the ability to remove the advertising immediately.
4. Various content played on the Sellr platform/network of screens may be unrelated to alcohol beverages. Examples of potential content include but are not limited to: Sporting Events, Local Entertainment, Public Service Announcements, Retailer Services, Financial Services, Travel and Tourism, Snacks/Food, etc.
5. Sellr provides the hardware (tablets and scanners) and software (product database and content provisioning tool) to the retailers. This creates a "platform" for suppliers, distributors, and retailers to provide an in-store, in-aisle interactive digital shopping assistant – much like a placard or display, but in a more modern and interactive manner.

6. Sellr retains ownership of the platform and does not provide payment to retailers for using the platform or participating in the network. There is no restriction on participation. Any retailer with a desire to install the tablets will have ability to join the platform and network of screens available.
7. Advertisers pay Sellr for advertising space on the platform. The platform is equally available to all brands and suppliers (whether of alcohol or other products). Payments to Sellr fund the hardware, software, infrastructure and support required to enable platform maintenance and business operations. Retailers, distributors, or suppliers are not paid by Sellr for participating in the platform. Retailers will not contribute to the cost of the alcohol ads.
8. Alcohol suppliers or distributors provide content that is not co-branded with retailers or retailer products in any way. Each piece of content stands on its own as an individual piece of content or advertisement. The tablets themselves are not co-branded with any Supplier, Distributor, or Retailer name or logo.
9. Shoppers engage with the in-aisle tablets by tapping on the screen or using the tablet to scan a product bar-code. Sellr provides product information, tasting notes, pairing suggestions, cocktail recipes, and educational content. Shoppers may "opt in" to receive desired information via text or email.
10. Shopper personal information is not stored by Sellr. Future enhancements could include an ability to join loyalty programs or sign up for retailer or brand services that appeal to the shopper. Shoppers do not pay for this (or any) component of the platform.
11. Retailers share product and sales data with Sellr for analysis on marketing program success and accuracy of the information on the platform. This information is shared with suppliers and distributors to refine product information and/or evaluate the effectiveness of marketing programs for the benefit of shoppers and retailers.
12. Sellr operates currently or has previously operated in 30 U.S. states/territories and internationally in 4 countries (Canada, Germany, Japan, and Italy).

For further consideration, to the extent it might be helpful, I'm also attaching a copy of a declaratory ruling from the New York State Liquor Authority on a very similar concept. Thank you for your time and consideration of these matters.

Sincerely,



Michele L. Stumpe, Esq.

cc: Tom Miller,
Sellr Industries, Inc.



State Liquor Authority

ANDREW M. CUOMO
Governor

VINCENT G. BRADLEY
Chairman

GREELEY FORD
Commissioner

DECLARATORY RULING

SnapBev Interactive Computerized Kiosks
Agenda #2016-02562C
Page 1 of 2

The Members of the Authority are in receipt of a request from SnapBev, a company that manufactures and installs interactive computerized kiosks, for a Declaratory Ruling as to whether, under the facts presented, SnapBev may place the kiosks in liquor and wine stores and show advertising by licensed suppliers, wholesalers, and retailers for alcoholic beverages. In particular, SnapBev seeks guidance as to whether its proposed method of operation violates the "Gifts and Services Law"¹ and the regulations promulgated by the Authority with respect to that law.²

Based up on the facts as presented, SnapBev is an interactive computerized device that automatically produces specific alcoholic beverage recommendations to consumers based upon the consumers' self-reported tastes and preferences. Such recommendations are specifically tied to the store's inventory. SnapBev does not hold any liquor licenses and has no interest in any liquor license.

As proposed, SnapBev would enter into an agreement with a participating licensed liquor or wine store retailer whereby the retailer would pay SnapBev a recurring fixed fee in exchange for possession of the kiosk. SnapBev may independently enter into an advertising agreement with a licensed manufacturer or wholesaler whereby the wholesaler would pay SnapBev to purchase advertising on the kiosk. SnapBev may also contract with the retailer for advertising on the kiosk. SnapBev retains all advertising revenue and does not pass through or revenue-share any payments to any other party.

¹ Section 101(1)(c) of the Alcoholic Beverage Control Law prohibits, with certain exceptions, a licensed manufacturer or wholesaler from making any gift or providing any service to a licensed retailer that, in the judgment of the Authority, may tend to influence the retailer to purchase the products of the manufacturer or wholesaler. Section 86.1 of the Rules of the Authority prohibits a licensed retailer from accepting such gifts and services.

² In particular, SnapBev seeks guidance as to whether its proposal would violate Section 86.4 of the Rules of the Authority, which regulates the provision of interior signs by a manufacturer or wholesaler to a retailer.

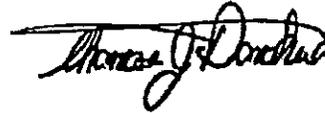
Determination of the Members

Based upon the above representations, the Members of the Authority find that SnapBev's proposal does not violate the Gifts and Services Law, in general, nor the regulations concerning interior signs provided by manufacturers and wholesalers inasmuch as the kiosks are not being furnished by a manufacturer or wholesaler to the retailer. The retailer is contracting with and paying an unlicensed third party, SnapBev, for placement of the kiosk. If the manufacturer, wholesaler or the retailer decides to also advertise on the kiosk, each pays SnapBev for their own respective advertising. All funds go to SnapBev. No money or other consideration is exchanged between the manufacturer or wholesaler and the retailer. Given these particular facts, there is no violation since, in our judgement, there is no inducement or attempt to influence the retailer to purchase any particular product.

To the extent that the SnapBev kiosk will offer consumers electronic coupons from wholesalers/suppliers, those coupons cannot be redeemed at or by a licensed retailer but must be redeemed at a redemption center by or on behalf of the wholesaler/supplier.

This matter was heard and determined by the Members of the Authority at a Full Board meeting held on November 22, 2016 before Chairman Vincent Bradley and Commissioner Greeley Ford. The written declaratory ruling was approved by the Members of the Authority at a Full Board meeting held on January 19, 2017 before Chairman Vincent Bradley and Commissioner Greeley Ford.

Dated: 1/24/17



Thomas J. Donohue
Secretary to the Authority