



STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LIQUOR CONTROL COMMISSION

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In the matter of Distilled Spirit Product )  
Distribution by the Authorized Distribution )  
Agents )  
  
General Wine & Liquor Company, Inc. )  
373 Victor Avenue )  
Highland Park, MI 48203 )  
  
NWS Michigan, LLC )  
13000 Eckles Road )  
Livonia, MI 48150 )  
  
Imperial Beverage Company )  
3825 Emerald Drive )  
Kalamazoo, MI 49001 )  
  
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At the December 19, 2019 meeting of the Michigan Liquor Control Commission (Commission) in Southfield, Michigan.

PRESENT: Pat Gagliardi, Chairman  
Dennis Olshove, Commissioner  
Geraldyn A. Lasher, Commissioner

**ADMINISTRATIVE ORDER NO. 2019-03**  
**APPROVAL TO DISTRIBUTE NEW DISTILLED SPIRIT PRODUCTS**

Article IV, Section 40, of the Michigan Constitution (1963), permits the legislature to establish a Liquor Control Commission, which shall exercise complete control of the alcoholic beverage traffic within this state, including the retail sales thereof, subject to statutory limitations. MCL 436.1201(2) provides the Commission with the sole right, power, and duty to control the alcoholic beverage traffic and traffic in other alcoholic liquor within this state, including the manufacture, importation, possession, transportation and sale thereof.

The Commission has before it the issue of Authorized Distribution Agents (ADAs) acquiring products for warehousing and distribution to Michigan retailers. Recently, the Commission has expended substantial resources addressing significant problems related to the inability of NWS Michigan, LLC, to properly service retail licensees with spirits, which is the primary purpose for being appointed as an ADA. See MCL 436.1205(1). This problem has been compounded by the fact that NWS handles approximately 75% of the spirits market in Michigan, leading to a mass of unfulfilled orders and rightfully dissatisfied customers statewide. In this regard, hundreds of complaints have been made to the Commission by retailers statewide complaining about the spirits delivery service of NWS. Spirits stock shortages are being reported statewide, and NWS has reported substantial warehousing issues at its new facility in Livonia, including but not limited to, significant software issues. Given the urgency that these circumstances have created, it is imperative that the Commission take emergency action to help address this issue. As such, the Commission issues this Administrative Order under the authority of the Liquor Control Code and Mich Admin Code, R 436.1802(14), which permits the Commission to issue orders establishing business operating procedures for ADAs.

Among other things, for an ADA to be eligible for appointment by the Commission as an ADA, the ADA must demonstrate to the Commission that it “has an adequate warehousing facility located in this state for the storing of spirits from which all delivery of spirits to retail licensees must be made.” MCL 436.1205(2)(c). Further, both Mich Admin Code, R 436.1802(5), and the Administrative Orders that certified the ADAs require “an authorized distribution agent [to] maintain an adequate physical plant and proper equipment to perform the functions for which the authorized distribution agent is certified.”

Previously, the Commission had required Commission approval before spirits products could be moved between ADAs. See Administrative Order dated February 9, 2011. That Order, which was rescinded in 2015, covered only products being moved from one ADA to another ADA; it did not cover new items that were not yet being warehoused or distributed by an ADA. But in light of the current circumstances, this Commission now implements a similar process for new items that an ADA wants to warehouse and distribute. The Commission finds that this Administrative Order should be approved to require the ADAs to obtain Commission approval before adding any new

product (whether size or variety) to the ADA's product listings to assist the Commission in determining whether the ADA currently has, and is maintaining, an adequate physical plant and proper equipment to perform the functions for which it has been certified, primary among which is maintaining an adequate warehousing facility to properly service retail licensees with spirits.

THEREFORE, IT IS ORDERED THAT:

- A. Before warehousing or delivering of a new spirits product, an ADA must submit a written request to the Commission's Financial Management Division asking for approval to warehouse and distribute the product. An ADA may not warehouse or distribute the spirits product until Commission approval has been received.
- B. The proposed ADA's written request must be submitted at least 30 days before the deadline for the spirits vendor to file the quotation for the New Item Price List, per Commission Bulletin No. 2019-05 (attached) and any subsequent bulletin setting quotation filing deadlines.
- C. A request for approval may address multiple products from the same vendor, if applicable.
- D. The request must identify the proposed ADA, the intended effective date for warehousing and distributing the product, the product name and size, projections for the number of cases of the product the ADA anticipates receiving from the vendor and delivering to retailers annually, and an explanation of the ADA's capacity to increase its product warehousing and distribution to accommodate the product.
- E. The request must also include the proposed ADA contract or addendum.
- F. The ADA must accurately provide all of the required documentation and provide any additional information the Commission requests to prevent a delay in receiving the Commission's decision.
- G. If the ADA receives Commission approval to warehouse and distribute the product, the ADA must provide the executed contract or addendum before warehousing or distributing the product.

- H. This Administrative Order is effective beginning with products intended to be listed on the New Item Price List that will take effect on March 29, 2020.
- I. This Administrative Order expires automatically 18 months after today's date.

MICHIGAN LIQUOR CONTROL COMMISSION



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Pat Gagliardi, Chairman



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Dennis Olshove, Commissioner



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GERALYN A. LASHER, Commissioner



GRETCHEN WHITMER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS  
LANSING

ORLENE HAWKS  
DIRECTOR

## Bulletin No. 2019-05

### Quotation Filing Deadline Dates for 2020

The following are the quotation filing deadline dates and effective dates for new items, proof changes and case size changes for the 2020 New Item Price Lists:

#### NEW ITEM PRICE LIST

<u>Deadline Date</u>	<u>Effective Date</u>
November 29, 2019	December 29, 2019
January 3, 2020	February 2, 2020
January 31	March 1
February 28	March 29
April 3	May 3
May 1	May 31
May 29	June 28
July 3	August 2
July 31	August 30
August 28	September 27
October 2	November 1
October 30	November 29

The following are the quotation filing deadline dates for price changes for the 2020 Price Books:

#### PRICE BOOK – CASE COST CHANGE

<u>Deadline Date</u>	<u>Effective Date</u>
December 20, 2019	February 2, 2020
March 20	May 3
June 19	August 2
September 18	November 1

August 6, 2019