

**DEPARTMENT OF LABOR & ECONOMIC GROWTH
LIQUOR CONTROL COMMISSION**

INTER-OFFICE CORRESPONDENCE

ORDER

To: Enforcement Division

From: Administrative Commissioners

Subject: Specially Designated Merchant Licensees

December 11, 2007
Date

Request for SDM licensees to discount wine below cost pursuant to Rule R 436.1055.

IT IS THE ORDER OF THE COMMISSION THAT THE REQUEST FOR SPECIALLY DESIGNATED MERCHANT LICENSEES PERMISSION TO DISCOUNT WINE BELOW THE COST OF THE WINE FROM THE LICENSED WHOLESALER OR MICHIGAN WINE MAKER, BE APPROVED, PURSUANT TO RULE R 436.1055 WITH THE PROVISO THAT ALL OF THE FOLLOWING CONDITIONS ARE COMPLIED WITH:

1. THE COMMISSION WILL CONSIDER PRICE REDUCTIONS FOR WINE PRODUCTS ONLY, NOT FOR BEER PRODUCTS.
2. THE COMMISSION MUST RECEIVE A LIST OF WINES FOR EACH SPECIALLY DESIGNATED MERCHANT LOCATION REQUESTING TO DISCOUNT WINES.
3. THE LIST OF WINES TO BE DISCOUNTED BY THE SPECIALLY DESIGNATED MERCHANT MUST INDICATE THE BRAND OF WINE, THE NAME OF THE DISTRIBUTOR OR WINE MAKER WHO SOLD THE WINE TO THE SPECIALLY DESIGNATED MERCHANT, THE SIZE OF THE WINE CONTAINER TO BE DISCOUNTED, THE QUANTITY OF WINE CONTAINERS TO BE DISCOUNTED AND THE PROPOSED DISCOUNTED RETAIL SELLING PRICE FOR EACH WINE.
4. WINE CAN BE DISCOUNTED NO MORE THAN 75% OF THE SPECIALLY DESIGNATED MERCHANT'S ORIGINAL PURCHASE PRICE.
5. WINE PRODUCTS TO BE DISCOUNTED MUST NOT HAVE BEEN PURCHASED BY THE SPECIALLY DESIGNATED MERCHANT WITHIN THE LAST 180 DAYS.
6. WINE PRODUCTS APPROVED BY THE COMMISSION FOR DISCOUNT CAN NOT BE REORDERED BY THE SPECIALLY DESIGNATED MERCHANT WITHIN ONE (1) YEAR FROM THE DATE OF THE COMMISSION'S APPROVAL.
7. ONLY IN-STORE ADVERTISING OF THE DISCOUNTED WINE IS ALLOWED. NO ADVERTISING OF DISCOUNTED WINE IS ALLOWED OFF THE LICENSED PREMISES.
8. A SPECIALLY DESIGNATED MERCHANT IS LIMITED TO REQUESTING WINE DISCOUNTS NO MORE THAN ONCE EVERY 180 DAYS.