# AUTHORIZED DISTRIBUTION AGENT (ADA) INFORMATION BOOK

PART 2



MICHIGAN LIQUOR CONTROL COMMISSION

# STATE OF MICHIGAN

# DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

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, Inc. 17550 Allen Road Brownstown, MI 48192	) )
Chinese Import & Export Co. 1100 Owendale – Suite F Troy, MI 48083	)

At the April 7, 2015 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman

Dennis Olshove, Commissioner

# ADMINISTRATIVE ORDER NO. 2015-03 RECISSION OF PREVIOUS ORDERS REGARDING DISTILLED SPIRIT PRODUCTS DISTRIBUTION CHANGES

Administrative Order No. 2015-03 April 7, 2015 Page 2 of 3

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission 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 contractual arrangements between suppliers of distilled spirit products and Authorized Distribution Agents (ADAs). MCL 436.1205(1) and (2) provide the statutory requirements that govern the ADAs. In the past the Commission issued two documents, Bulletin 3159-17 dated May 13, 2010 and Administrative Order dated February 9, 2011, to regulate the movement of distilled spirit products between the ADAs.

After review and discussion of this issue at the meeting, the Commission finds that this Administrative Order should be approved to rescind the Administrative Order dated February 9, 2011 and the Bulletin numbered 3159-17 dated May 13, 2010.

### THEREFORE, IT IS ORDERED THAT:

- A. The Administrative Order of the Commission dated February 9, 2011 regarding the movement of distilled spirit products between the ADAs be hereby RESCINDED, effective immediately.
- B. The Bulletin issued by the Commission, regarding the movement of distilled spirit products between the ADAs numbered 3159-17 dated May 13, 2010 be hereby RESCINDED, effective immediately.

### MICHIGAN LIQUOR CONTROL COMMISSION

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Andrew J. Deloney, Chairman

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Dennis Olshove, Commissioner

Date: April 7, 2015

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### STATE OF MICHIGAN



# DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

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, Inc. 17550 Allen Road Brownstown, MI 48192

Chinese Import & Export Co. 1100 Owendale – Suite F Troy, MI 48083

At the April 7, 2015 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman

Dennis Olshove, Commissioner

# ADMINISTRATIVE ORDER NO. 2015-04 DISTILLED SPIRIT PRODUCTS DISTRIBUTION CHANGES

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,

Administrative Order No. 2015-04 April 7, 2015 Page 2 of 3

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 Suppliers/Vendors of Spirits moving distilled spirit products between Authorized Distribution Agents (ADAs). To address this issue, the Commission presents this Administrative Order under the authority of the Liquor Control Code, MCL 436.1101 et seq. Specifically, for an ADA to be eligible for appointment by the Commission as an ADA, the ADA must demonstrate that it has entered into a written agreement or contract with a Supplier/Vendor of Spirits for the purpose of warehousing and delivering a brand or brands of spirits of that Supplier/Vendor of Spirits. MCL 436.1205 and R 436.1802.

After review and discussion of this issue at the meeting, the Commission finds that this Administrative Order should be approved to establish requirements for moving distilled spirit products between the ADAs.

### THEREFORE, IT IS ORDERED THAT:

- A. Distilled spirit products of Suppliers/Vendors of Spirits may be moved between ADAs no more than four times each calendar year.
- B. The movement of distilled spirit products between the ADAs will be effective on the same quarterly dates that price changes are effective.
- C. An ADA must provide written notice of an ADA Supplier/Vendor of Spirits change to the Commission's Financial Management Division at least 90 days before the effective date of the ADA change.
- D. The ADA's written notice must identify the current ADA of the Supplier/Vendor of Spirits, new ADA, effective date of the change, and

Administrative Order No. 2015-04 April 7, 2015 Page 3 of 3

product names. The notice must also include an ADA contract or addendum and an acknowledgement by the new ADA.

- E. The ADA must ensure that the Supplier/Vendor submits an ADA change quotation in the State's E-quote system for every liquor code being moved.
- F. The ADA must provide all of the required information and must ensure that all of the required functions are accurately and completely performed at least 90 days before the effective date of the ADA change to prevent a delay in the ADA change.
- G. This Administrative Order is effective immediately.

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Andrew J. Deloney, Chairman	
DemOlodu	
Dennis Olshove, Commissioner	

MICHIGAN LIQUOR CONTROL COMMISSION

Date: April 7, 2015

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

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In the matter of the Spirit Product Delisting	)
Procedures for:	)
Michigan Vendors of Spirits and	)
Michigan Authorized Distribution Agents	j
	)

At the December 15, 2015 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman Teri L. Quimby, Commissioner

# ADMINISTRATIVE ORDER NO. 2015-06 SPIRIT PRODUCT DELISTING PROCEDURES

Article IV, Section 40, of the Constitution of Michigan (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. Further, in accordance with the provisions of MCL 436.1231, the Commission may buy, possess, and sell in its own name all alcoholic liquor as provided by statute.

Administrative Order No. 2015-06 Page 2 of 4

Before January 23, 1997 the State of Michigan distributed distilled spirits through a network of state-run warehouses and wholesale stores. This distribution system was started in 1933 upon the repeal of prohibition. On January 23, 1997 the State of Michigan began using Authorized Distribution Agents (ADAs) to warehouse and deliver distilled spirits. The ADAs are private companies that have contracted with the Vendors of Spirits and have been approved by the Commission. The Commission has certified a few Authorized Distribution Agents.

The Commission finds that spirit product delisting procedures are necessary for many reasons, including the ADA's warehouse space, and the large volume of spirit products approved for sale. To improve the spirit product delisting procedures and to better serve the retail licensees and the Vendors of Spirits, the Commission finds that the \$75.00 shelf price threshold should be reduced to a \$50.00 shelf price threshold, and that all other Commission actions should be updated.

After review and discussion of these issues at the meeting, the Commission finds that this Administrative Order should be approved to establish the spirit product delisting procedures, and that any previous orders, bulletins, policies, and directives pertaining to the spirit product delisting procedures should be rescinded.

### THEREFORE, IT IS ORDERED THAT:

- A. All Administrative Orders of the Commission regarding the spirit product delisting procedures, including those dated August 23, 2000, November 20, 2001, November 19, 2002, March 30, 2004, January 10, 2006, February 15, 2007, and June 5, 2012 are hereby RESCINDED effective immediately.
- B. All bulletins issued by the Commission, regarding the spirit product delisting procedures, including Bulletins numbered 2991-17 (dated August 29, 2000), 3030-17 (dated December 17, 2001), 3047-17 (dated November 25, 2002), 3071-17 (dated April 7, 2004), 3093-17 (dated

- January 12, 2006), 3113-17 (dated February 20, 2007), and 2012-09 (dated June 5, 2012) are hereby RESCINDED effective immediately.
- C. Any and all other previous orders, bulletins, policies, and directives issued by the Commission regarding the spirit product delisting procedures are hereby RESCINDED effective immediately.
- D. The Commission will review and consider currently listed spirit products under the following conditions for delisting:
  - Products listed for at least one year with sales of less than 12 standard size cases in the previous one year period. The standard case sizes are:
    - a. 120 bottles for 50ml sized bottles.
    - b. 48 bottles for 100ml sized bottles,
    - c. 48 bottles for 200ml sized bottles,
    - d. 24 bottles for 375ml sized bottles.
    - e. 12 bottles for 750ml sized bottles,
    - f. 12 bottles for 1000ml sized bottles,
    - g. 6 bottles for 1750ml sized bottles.
  - 2. Products with a minimum shelf price of at least \$50.00 per bottle and less than \$250.00 per bottle with no sales activity in the previous one year period.
  - 3. Products with a minimum shelf price of at least \$250.00 per bottle with no sales activity in the previous five year period.
- E. The Commission will review and consider the sales activity biannually, for one year sales periods at the end of March and September.
- F. The Commission will return all state owned inventory for spirit products at the time of delisting to the Vendors of Spirits of record at the time. The total current cost of the delisted product inventory will be deducted from subsequent purchase orders.

# Administrative Order No. 2015-06 Page 4 of 4

- G. A product which is delisted under this policy may not be resubmitted for listing for a period of one year from the effective date of the product's cancellation.
- H. This order is effective immediately.

### MICHIGAN LIQUOR CONTROL COMMISSION

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Andrew J. Deloney, Chairman

C. Isaa Or. Caramooy.

Teri L. Quimby, Commissioner

Date: December 15, 2015

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Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

Department of Consumer & Industry Services Kathleen M. Wilbur, Director

DATE:

July 28, 1999

TO:

All Authorized Distribution Agents

NITIC

FROM:

Nancy J. King, Director of Financial Management

CC:

Steve Robinson, Pam Hamilton, Jeff Jones, Allen Parker

SUBJECT: Negative Inventory and Change of ADAs

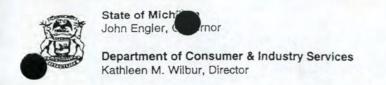
We have begun a program of routinely reviewing State owned inventory quantities on a code by code basis. We have designed and implemented an enhancement to our purchasing system to correct negative State owned inventory amounts. Conversely, we can also unreserve large incorrect reserved inventory.

This is to inform you that, periodically, the Michigan Liquor Control Commission will be adjusting State owned negative inventory amounts. All codes with a negative inventory as of the week ended July 10, 1999 have been adjusted to reflect at least a zero inventory. That adjustment will appear on the daily purchase orders dated today.

One problem we have noticed that is causing the negative inventories occurs when there is a change of ADAs. Whenever a new ADA takes orders to be delivered after the effective date of the ADA change, the new ADA must include the orders in its order file. There has been a recent problem with a new ADA not including orders taken before the effective date of the ADA change in its order files. The State did not purchase the products because they did not appear in the order file. Then, when the products were delivered the following week, the delivery appeared in the invoice file, but the State's inventory was negative because it never purchased the products.

There may be a perception that an ADA cannot submit orders for a product before the effective date of the change. This is an incorrect perception. The new ADA can and should submit these orders along with the rest of their gross order file.

If you have any questions, please contact Pam Hamilton at 517-322-1379.



Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

DATE:

August 4, 1998

TO:

All Authorized Distribution Agents (ADA), Vendors, Vendor Representatives,

and Executive Staff

FROM:

Steven D. Robinson, Acting Director of Purchasing

SUBJECT:

Commission Policy on Canceled Codes and State Inventory

The Liquor Control Commission, at its June 30, 1998 meeting, approved the following policy for state owned inventory for canceled liquor codes. The Michigan Liquor Control Commission (MLCC) will return to the suppliers, at supplier expense, all remaining state owned liquor inventory for all canceled liquor codes for a refund of the product cost. This policy is retroactive to the beginning of the privatized liquor distribution system. In addition, for all future liquor code cancellations, the Commission will require that the supplier accept the return of and provide a refund for any state owned inventory for each code to be canceled.

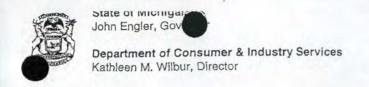
This Commission policy is based on the Bureau of Alcohol, Tobacco, and Firearms regulation 27CFR Part 11.38 which specifically permits the return of liquor inventory when a product is discontinued for sale.

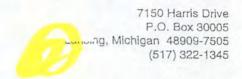
The MLCC will compute the refund amounts using the state owned inventory quantities agreed to by the ADA's through the weekly sales and purchases reconciliation process (report CL 30998) and the most recently submitted quoted case cost from the suppliers. The Commission will deduct the refund amounts from it's weekly payments to the suppliers. The suppliers will be provided with supporting documentation for these refund deductions.

We are currently in the process of establishing the refund amounts for all remaining state owned inventory for the liquor codes canceled since January 1997.

If you have any questions on the application of this policy please call me at 517-322-1389.

bulletin # 2929-17





Date:

September 10, 1998

To:

Authorized Distribution Agents (ADA), Vendors, Vendor

Representatives, and Executive Staff

From:

Steven D. Robinson, Acting Director of Purchasing

Subject:

Commission Policy on State Inventory for Liquor Codes that

change Authorized Distribution Agents

### POLICY

All state owned inventory in possession of an Authorized Distribution Agent who is no longer authorized to distribute that product will be returned to the supplier for refund.

### ACTION

At its August 5, 1998 meeting, the Michigan Liquor Control Commission (MLCC) approved the policy for state owned inventory that changes Authorized Distribution Agents (ADA). The MLCC will return to the originating supplier(s), at the supplier expense, all remaining state owned liquor inventory for all liquor codes that change ADA's for a refund of the product cost.

The MLCC will compute the refund amounts using the state owned inventory quantities agreed to by the ADA's through the weekly sales and purchases reconciliation process (report CL 30998) and the most recently submitted quoted case cost from the suppliers. The suppliers will be provided with supporting documentation for these refund deductions.

This policy is retroactive to the beginning of the privatized liquor distribution system. For all future liquor codes that change from one ADA to another, the Commission will require that the originating supplier accept the return of, and provide a refund for, any state owned inventory.

### RATIONALE

This policy provides closure to an ADA's operations in regard to a specific liquor code(s) when the ADA is no longer authorized to distribute that product(s). The new ADA will start its operations with zero state owned inventory for the code(s) giving the ADA a clean starting point for distribution.

Bulletin # 2930-17



Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

DATE:

November 24, 1998

TO:

All Liquor Vendors, Vendor Representatives, Authorized Distribution

Agents and Executive Staff

LINE

FROM:

Nancy J. King, Director of Financial Management

SUBJECT: Changes in Ownership and Distribution of Product Lines

The subject of effective dates of changes in ownership of product lines was discussed recently at a Michigan Liquor Control Commission - Authorized Distribution Agent (ADA) monthly meeting. Also discussed was the related matter of product lines changing between ADAs. Policies have been set forth by the Commission for actions which will be taken by the Commission accounting staff and the ADAs for these kinds of changes. The purpose of this bulletin is to clarify the effective date of such changes.

Please make changes in product line ownership and ADA effective in the State of Michigan on a week ending date. In order for the Commission to effectively carry out the accounting transactions which result from such changes, the change must occur on a week ending date. Our Authorized Distribution Agents agree that using this process will also be of great assistance to them in handling changes in product lines.

Effective immediately, the Michigan Liquor Control Commission will make any changes in ADA designation or vendor product line ownership effective after all purchase, sales and related activity has been processed for a week. Please help the Commission and your Authorized Distribution Agent serve you by dating ADA changes and product line ownership changes on a week ending date. Thank you.

If you have any questions, please contact the Commission offices at 517.322.1382.

Bulletin # 2938-17



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Department of Consumer & Industry Services Kathleen M. Wilbur, Director



Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

### **BULLETIN #2991-17**

DATE:

August 29, 2000

TO:

All Vendors, Vendor Representatives, Authorized Distribution Agents,

and Executive Staff

FROM:

Michigan Liquor Control Commission

SUBJECT:

**Product Delisting Process** 

Since January of 1997, products have been delisted in Michigan only at vendor request. The Liquor Control Commission has now implemented an additional product delisting process which is Commission-initiated. The Commission will consider for delisting products which have had no sales for 6 months. This process will be performed twice a year. The policy for listing products has not changed. Vendors may continue to request products be delisted in Michigan, as they have done since January of 1997.

At the administrative meeting on August 23, 2000 the Michigan Liquor Control Commission approved the following Order:

"Currently listed liquor products which have been listed more than six months with no sales in the previous six month period will be presented to the Commission for delisting; the six-month sales periods will be November through April and May through October; all state owned inventory which is delisted will be returned to the vendor of record at the time of review, the total current case cost of this inventory will be deducted from subsequent purchase orders; a product which is delisted may not be resubmitted for listing for a period of six months; 7000 series product code numbers are excluded from the delisting process; this Order is effective with the February 4, 2001 price list."

The Commission has taken this action to allow some administrative cleaning of records. While Michigan is proud to offer some 4200 spirits products to our citizens, it is wise for both the Commission and suppliers to set some minimum standard in an attempt to control the growth of the Price List. This policy will give Commission staff a mechanism to eliminate items which are not selling, and which may not even have inventory.

Please note the following information and procedures which Michigan will use to implement this Order.

Items which have not been listed for a full six months will not be identified by Commission staff for action. All items will have at least a full six months to have sales activity occur.

Bulletin 2991-17 August 29, 2000 Page 2



Before the nonactive codes are presented to the Commission, Vendor Representatives will receive a listing of their codes which will be presented. Vendor Representatives will also receive notice of items which have been delisted after the Commission takes action.

We hope in this way to assist the vendors in eliminating non-moving items from files and data bases, and provide a more accurate price list to our customers. If you have any questions, call the Financial Management Division at 517.322.1382.







### Bulletin 3071-17

DATE:

April 7, 2004

TO:

All Liquor Vendors, All Michigan Liquor Vendor Representatives, All Authorized

Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: Administrative Order

At its administrative meeting of March 30, 2004, the Michigan Liquor Control Commission approved the following:

### STATE OF MICHIGAN

### DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES LIQUOR CONTROL COMMISSION

### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the November 19, 2002 Liquor Control Commission Order regarding the delisting of codes is amended and restated and adopted as a business operating procedure for the delisting of codes:

Currently listed liquor products which have been listed more than six months with sales of less than 3 standard cases in the previous six month period will be presented to the Commission for delisting.

Currently listed 7000 series product code numbers which have been listed more than one year with sales of less than 6 standard cases in the previous one year period will be presented to the Commission for delisting.

Bulletin 3071-17 April 7, 2004 Page 2

The six-month sales periods will be the accounting months of October through March and April through September.

The one year sales period for the 7000 series product code numbers will be reviewed at the end of the March accounting month and on September 30.

All state owned inventory which is delisted will be returned to the vendor of record at the time of review, the total current case cost of this inventory will be deducted from subsequent purchase orders.

A product which is delisted may not be resubmitted for listing for a period of six months.

This amended Business Operating Procedure is effective April 4, 2004.

The January 30, 2005 price list will be prepared in accordance with the April through September, 2004 sales period.

March 30, 2004

Suppliers will continue to be notified of items being considered for delisting before they are presented to the Commission for delisting.

If you have any questions please contact Steve Robinson at 517.322.1382.

JENNIFER M. GRANHOLM GOVERNOR



NIDA R.SAMONA CHAIRPERSON

### **Bulletin 3093-17**

Date:

January 12, 2006

To:

Vendors, Vendor Representatives, Authorized Distribution Agents

From:

Michigan Liquor Control Commission

Subject:

Commission Business Operating Procedure - Delisting of Codes

At its administrative meeting on January 10, 2006 the Michigan Liquor Control Commission adopted the attached amended and restated Business Operating Procedure, which amends the March 30, 2004, Commission Order which was adopted as a Business Operating Procedure regarding delisting of codes.

The January 10, 2006 Order provides that a product which is delisted a second time may not be resubmitted for listing for a period of one year.

Please see that copies of this Bulletin and the January 10, 2006 Business Operating Procedure are distributed to the appropriate people in your organizations.

If you have any questions please contact Steve Robinson at 517-322-1382 or email at srobin@michigan.gov.

**Attachments** 

### STATE OF MICHIGAN

# DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue

Highland Park, MI 48203

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE Kentwood, MI 49512 NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant, MI 48804

### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the March 30, 2004 Liquor Control Commission Order regarding the delisting of codes with no activity for six months is amended to include a provision for a second delisting for one year and is restated and adopted as a business operating procedure for the delisting of codes:

Currently listed liquor products which have been listed more than six months with sales of less than 3 standard cases in the previous six month period will be presented to the Commission for delisting.

Currently listed 70000 series product code numbers which have been listed more than one year with sales of less than 6 standard cases in the previous one year period will be presented to the Commission for delisting.

The six-month sales periods will be the accounting months of October through March and April through September.

The one year sales period for the 70000 series product code numbers will be reviewed at the end of the March accounting month and on September 30.

All state owned inventory which is delisted will be returned to the vendor of record at the time of review, the total current case cost of this inventory will be deducted from subsequent purchase orders.

A product which is delisted may not be resubmitted for listing for a period of six months.

A product which is delisted twice may not be resubmitted for listing for a period of one year.

The January 28, 2007 price list will be prepared in accordance with the April through September, 2006 sales period.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

January 10, 2006

JENNIFER M. GRANHOLM GOVERNOR



NIDA R. SAMONA CHAIRWOMAN

# STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF LABOR & ECONOMIC GROWTH ROBERT W. SWANSON, DIRECTOR

### **Bulletin 3113 -17**

DATE:

February 20, 2007

TO:

Vendors, Vendor Representatives, Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: Business Operating Procedure – Delisting of Codes

At its administrative meeting of February 15, 2007, the Michigan Liquor Control Commission adopted the attached amended and restated Business Operating Procedure which amends the January 10, 2006 Commission Order which was adopted as a Business Operating Procedure regarding delisting of codes.

The February 15, 2007 Order provides that products with a minimum shelf price of \$200.00 or more with no sales activity in a one year period will be presented to the Commission for delisting. Effective with the July 29, 2007 price list, the sales standard for products with a minimum shelf price of \$200.00 or more has been lowered from 3 standard cases per 6 months to one or more bottles per year.

Please see that copies of this Bulletin and the February 15, 2007 Business Operating Procedure are distributed to the appropriate people in your organizations.

If you have any questions, please con tact Steve Robinson at 517-322-1382 or email at robinsons@michigan.gov.

Attachment

Michigan Liquor Control Commission 7150 Harris Drive, PO Box 30005, Lansing, Michigan 48909-7505 www.michigan.gov/dleg: (517 322-1345 Lansing Office

### STATE OF MICHIGAN

# DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue Highland Park, MI 48203

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE Kentwood, MI 49512 NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant, MI 48804

### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the January 10, 2006 Liquor Control Commission Order regarding the delisting of codes is amended to include a provision for products with a minimum shelf price of \$200.00 and is restated and adopted as a business operating procedure for the delisting of codes:

Currently listed liquor products which have been listed more than six months with sales of less than 3 standard cases in the previous six month period will be presented to the Commission for delisting.

Currently listed 70000 series product code numbers which have been listed more than one year with sales of less than 6 standard cases in the previous one year period will be presented to the Commission for delisting.

Products with a minimum shelf price of \$200.00 or more with no sales activity in a one year period will be presented to the Commission for delisting.

The six-month sales periods will be the accounting months of October through March and April through September.

The one year sales period for the 70000 series product code numbers will be reviewed at the end of the March accounting month and on September 30.

All state owned inventory which is delisted will be returned to the vendor of record at the time of review, the total current case cost of this inventory will be deducted from subsequent purchase orders.

A product which is delisted may not be resubmitted for listing for a period of six months.

A product which is delisted twice may not be resubmitted for listing for a period of one year.

The July 29, 2007 price list will be prepared in accordance with the October, 2006 through March, 2007 sales period.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

February 15, 2007

Miscellaneous

### MICHIGAN LIQUOR CONTROL COMMISSION LIQUOR PRICE LIST: GENERAL INFORMATION

The sales	OFF-PREMISES LICENSEES PLEASE NOTE: The Minimum Shelf Price shown DOES NOT include the 6% Michigan Sales Tax. tax must be collected by the licensee and remitted separately to the Michigan Treasury Department. The 6% sales tax cannot be included in the shelf or advertised price.
Licensee Discount	The on and off premise retail licensee purchase prices include a discount of 17% of the base price. The discount dollar amount represents the minimum gross profit to be received by the licensees.
Retailers Rights	Free weekly deliveries IF YOU ORDER A MINIMUM OF ONE STANDARD CASE OF IN STOCK ITEMS TOTALING AT LEAST 9000ml WITH EACH ADA. That case can contain split items.
	A specified order day and a specified delivery day. Delivery days must be no more than six days from your specified order day.
	12 emergency orders per year, to be made available to you within 18 hours. You may have to pay up to \$20 if the ADA delivers the emergency order to you. However, the ADA cannot charge a fee if you are required to pick your emergency order up from their facility.
	An on-premises licensee may purchase collectively from Specially Designated Distributors, up to 9 liters during any one month period. SDD's selling to on-premises licensees must obtain a Federal Wholesalers Basic Permit from the Tax & Trade Bureau, Department of Treasury. Call TTB at (800) 398-2282 for more information.
	Have a sufficient and reasonable amount of time to check in your order.
Retailers MUST	Make payment, on delivery, with a check, bank or postal money order, electronic fund transfer or cash. If you are placed on a "Cash Only" basis you must pay with cash, a cashier's check, Bank or Postal Money Order. There may be cash handling fees depending on your location and the ADA. Please write your license number on any check or money order used to make payment. Also make checks or money orders payable to: <b>State of Michigan/MLCC</b> .
Return Policy	Unsaleable Items may be returned to the ADA for credit. Returnable items include damaged bottles, deteriorated products, leaking containers, bottles with damaged labels and short filled bottles. This policy does not apply to voluntary returns of entire inventory. Licensee ordering errors are returnable if the error is reported to the ADA within 48 hours.
	You CANNOT return items that are overstocked, slow moving, opened, tampered with or because of a limited or seasonal demand for the product.
Split Case Policy	You may order in split cases, at no extra cost. By Commission Order the split case policy for all ADA's is  Bottle Size Splits Allowed  1.75 liter 1 or 3  1.0 liter 1, 3 or 6  750 ML 1, 3 or 6  375 ML 3, 6 or 12  200 ML 12 or 24  100 ML No Splits  50 ML No Splits  7000 Series No Splits *Limited Availability*
Taxes, Federal	The marked up cost includes \$13.50 federal tax levied against each proof gallon.
Price Changes	If the price of a product has changed, the new price will be charged to the licensee based on the date of delivery, not the date of order.

# Department of Consumer & Industry Services Kathleen M. Wilbur, Director

### BULLETIN

DATE:

April 29, 1999

TO:

All Authorized Distribution Agents

FROM:

Jeffrey M. Jones, Manager

Data Management Section Financial Management Division

SUBJECT:

Military Sales

Authorized Distribution Agents (ADAs) were issued initial instructions for processing Military Sales on January 29, 1997. There have been minor changes to the process since then, and the purpose of this bulletin is to update and clarify to everyone how sales to military establishments must be processed.

There are currently 18 military permit holders. Of that number, only one (formerly three) is set up with the Liquor Control Commission to purchase liquor "on account." This permit holder is license number 70000, Consolidated Package Store, Selfridge Air Force Base. The remainder of the military permit holders are subject to the same cash payment requirements as other licensees.

Other military permit holders who wish to purchase by this "on account" method may do so by first contacting the Commission and getting authorization.

All sales to military establishments must be reported on line 3 of the Daily Recap of Cash and Sales. All military permit holders are given a twenty-four percent discount, and are not charged any taxes. The net invoice amount for permit holders that are charged "on account" must also be reported on line 20 (formerly line 30), Accounts Receivable Military and Other State Agencies. This amount is a deduction from the total amount of cash that you must account for on line 22.

One fairly new requirement is that invoices to permit holders who purchase "on account" must include the ADA's unique, Federally issued Purchase Order number, included with this memo. If no number is included, and you anticipate "on account" sales to military permit holders, please contact me.

ADAs may not receive money for payment of "on account" invoices or military accounts receivable. If, however, they should receive such payments, they must immediately deposit them in the State's regular bank account, using a separate deposit ticket. All such deposits should also be immediately brought to the attention of the Commission's Financial Management Division.

ADAs must attach a hard copy of all invoices charged "on account" to the respective Daily Recap of Cash and Sales and submit it to the MLCC. The MLCC will then post the receivable amount and subsequently collect from the Federal Government.

Thank you in advance for your cooperation in this matter. If you have any questions please contact me at (517)322-1227.

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

### **MEMORANDUM**

DATE:

June 7, 1999

TO:

All Authorized Distribution Agents

FROM:

Jeffrey M. Jones, Manager Data Management Section

Financial Management Division

SUBJECT:

MLCC Test License Number

Beginning on June 7, 1999 we will include a "test" license number in the license master file that we transmit to you each day. This number will allow us to monitor the functionality of your ordering system, and should also prove valuable in the resolution of licensee complaints.

The number selected for this purpose is license number 050000, and has d.b.a. of "MLCC TEST." It is classified as a type 01, class "C" license, and appears as the last record in the license master file.

This number has not been, and will not ever be, issued to a licensee. If you are currently using a "live" license number for testing purposes, you may wish to start using this one.

Please issue a personal identification number (PIN) to us for this license number so that we may access your ordering system. Also, put a flag on this number in your system so that orders are not processed against it.

In conjunction with the above, we are requesting that you send us a copy of the ordering instructions that you issue to licensees.

We would like to start using this number as soon as possible, so we ask that you issue the PIN and ordering instructions to us no later than June 11, 1999.

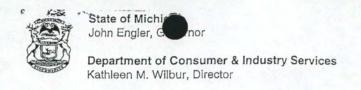
Thank you in advance for your cooperation. If you have any questions please contact me at (517)322-1227.



cc: Nancy King Steve Robinson Susan Broughton

### Liquor delivery procedure

- a. The MLCC Data Management section receives Daily Recaps, deposit slips, and supporting documentation; it reconciles reported cash, State Owned Inventory on hand, Sales and Purchases. The process of cash reconciliation can result with an overage or a shortage between 'cash to account for', and the actual deposit. According to the Commission Ruling all overages belong to the State, and the ADAs are responsible for the shortages.
  - b. The Adjusted Invoice File is received by CIS OTR and processed into the Liquor Sales accounting system.
  - c. The MLCC produces weekly reports of reconciled Sales, Purchases, and State Owned Inventory by ADA.
  - d. The MLCC Data Management section faxes the above reports to each ADA.
  - e. ADAs sign the reports to certify that they agree with reported amounts of Sales, Purchases, and State Owned Inventory; or they reconcile any exceptions with the MLCC.
  - f. ADAs fax signed certification to MLCC.
- 11. Weekly, the MLCC generates Liquor Purchase Orders to Suppliers.
- 12. MLCC pays the Suppliers for the liquor delivered to the Liquor Licensees, and for the liquor deposited on the ADAs premises, plus a flat distribution cost per case.
- 13. Suppliers receive payment at least once per month and pay the ADAs for distribution services a flat fee per case.



iquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

May 1, 1997

### MEMORANDUM

TO:

James E. LaCrosse, National Wine & Spirits Corp. Sydney L. Ross, General Wine & Liquor Company J. Lewis Cooper, Jr., Encore Services, Inc.

FROM:

Asha Shah, Business Manager And thief Operating Officer

RE:

MACKINAC ISLAND DELIVERIES

Included with this memorandum is a copy of the procedures that all Authorized Distribution Agents have agreed to follow for deliveries to licensees on Mackinac Island.

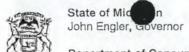
Bulletin #2900-17

## PROCEDURES TO BE FOLLOWED BY AUTHORIZED DISTRIBUTION AGENTS

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### FOR DELIVERIES TO LICENSEES ON MACKINAC ISLAND

- 1. The Authorized Distribution Agent (ADA) will contact the licensee after processing their order and inform the licensee of the quantity of cases, bottles and exact dollar total of the order.
- 2. The ADA will coordinate, with the licensee, the day and time that the truck driver will deliver the order to the ferry transport dock and pick up the licensee's payment at that time.
- 3. The ferry transport company will take the licensee's payment to the Mainland Dock and turn this payment over to the ADA's truck driver.
- 4. The ferry transport company will take the order over to the drayage company at the Island dock for immediate delivery to the licensee.
- 5. The drayage company will deliver the order to the licensee.
- 6. The ADA is responsible for the payment of all transportation and delivery fees charged by the ferry transport and the drayage company.
- 7. The ADA is responsible for all breakage and any shortages, whether attributable to the ferry transport company and/or drayage company, until the order is delivered to the licensee's establishment.
- 8. The ADA may seek reimbursement for any breakage and/or shortage from the transportation companies.



Department of Consumer & Industry Services Kathleen M. Wilbur, Director

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

### BULLETIN #2981-17

DATE:

April 10, 2000

TO:

All Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: Retail Liquor License Renewal and Sales

This is a policy statement for ADAs to use for the liquor licensing renewal period. All retail liquor licensees are required to renew their license no later than April 30th each year in order to continue selling spirits.

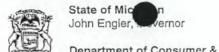
All licensees, whether they have renewed or not, may place orders with Authorized Distribution Agents (ADAs) through April 30, 2000. ADAs may deliver these orders May I or later, regardless of whether the licensee has renewed by the delivery day or not.

The MLCC will no longer send the electronic Non-Renewed Licensee file (CL39596D01) to ADAs during the last week of April, as the new policy makes the information unnecessary.

The daily License Master file for May 1, 2000 will not contain licensees who have not renewed. This is the same thing one would see in the file every day; licensees not authorized to sell do not appear in the file. Since the license master is uploaded daily by ADAs, nonrenewed licensees will be prevented from ordering in the normal course of our business processes beginning May 1.

Please inform the appropriate staff in your organization. If you have any questions, please call or email Jeff Jones.

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Department of Consumer & Industry Services Kathleen M. Wilbur, Director

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

### BULLETIN #2984-17

DATE:

April 26, 2000

TO:

All Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: License Master for Monday, May 1, 2000

This Bulletin is being issued in conjunction with Bulletin #2981-17 regarding Liquor Retail License Renewal.

On Monday, May 1, 2000 you will not receive a Daily License Master File, which is emailed by Financial Management Division staff each morning usually between 8:00 am and 9:00 am. Please use the Daily License Master File sent to ADAs on Friday, April 28, 2000 for all orders taken on Monday, May 1.

The result of this action is that ADAs will use the Daily License Master File sent on Friday, April 28, 2000 for two days.

The Financial Management Division will resume sending the Daily License Master File on a daily basis on Tuesday, May 2, 2000. Please resume your daily updating of your license master as usual on Tuesday, May 2, 2000.

The purpose of this action by the Commission is to enable licensees who renew after noon on Friday within our new Cashiering system to order liquor the following Monday according to their normal ordering schedule.

Please notify the appropriate people in your organization of this action. If you have any questions, please call or email Nancy King.

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JENNIFER M. GRANHOLM GOVERNOR



NIDA R.SAMONA CHAIRPERSON

### **Bulletin 3131-17**

Date:

June 10, 2008

To:

Authorized Distribution Agents, Wholesalers,

**Executive Staff** 

From:

Michigan Liquor Control Commission

Subject:

Business Practices Regarding Delivery of Alcoholic Liquor

The Commission, at its Business Meeting of June 3, 2008, discussed certain business practices regarding the delivery of beer, wine, mixed spirit drink, and spirit products.

Beer, wine, mixed spirit drink, and spirit wholesalers and delivery personnel are prohibited from participating in the receiving process of a licensed retailer, including the scanning of alcoholic liquor using the retailer's equipment to verify and complete the delivery process.

This practice is considered aid and assistance and is contrary to the provisions of MCL 436.1609, MCL 436.1603(1), and Rule 436.1035 of the Commission's "General" rules and participation in this practice will result in the issuance of a citation.

### JENNIFER M. GRANHOLM GOVERNOR

NIDA R.SAMONA CHAIRPERSON

June 3, 2008

Meijer, Inc. Ms. Pam Carter, Vendor Performance Manager 2929 Walker Ave., N.W. Grand Rapids, MI 49544

Dear Ms. Carter,

Re: Meijer DSD Store Receiving Enhancements

lide R. Samona

The Administrative Commissioner's of the Michigan Liquor Control Commission (MLCC) discussed your new receiving requirements at its June 3, 2008 Business Meeting. It is the Commission's position that the companies who deliver spirits, beer, wine, and/or mixed spirit drinks to Meijer <u>cannot</u> perform any receiving functions for Meijer. The MLCC's definition of "any receiving function" would include Meijer's new DSD Store Receiving Enhancements, where the delivery drivers are required to scan the alcohol products to verify and complete their delivery. The MLCC believes that the act of requiring delivery drivers to participate in the retailer's receiving of alcohol products could be viewed as a violation of the Commission rules.

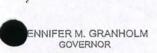
I hope this settles this issue. Feel free to contact me if there are any questions.

Sincerely,

Nida R. Samona, Chairperson

Michigan Liquor Control Commission

Cc: Authorized Distribution Agents







Bulletin No. 3096-17

Date:

February 16, 2006

To:

Specially Designated Distributor Licensees, Executive Staff

From:

Michigan Liquor Control Commission

Subject:

Price Reductions on Spirit Products

The Michigan Liquor Control Commission, at its administrative meeting of February 15, 2006, adopted the attached Administrative Order regarding price reductions on spirit products in accordance with MCL 436.1229(2).

The February 15, 2006 Order details the conditions and procedures to be followed on requests to reduce the selling price for spirits below the minimum selling price in order to dispose of inventory.

Failure to comply with the above will result in enforcement action by the Commission.

If you have any questions please contact Jeff Jones at 517-322-1227 or email at jjones@michigan.gov.



NIDA R, SAMONA CHAIRPERSON

Rescinded by Adm 2012-01

**Bulletin No. 3097-17** 

Date:

February 16, 2006

To:

Vendors, Vendor Representatives, Authorized Distribution Agents

From:

Michigan Liquor Control Commission

Subject:

Business Operating Procedure - Price Reductions

The Michigan Liquor Control Commission, at its administrative meeting of February 15, 2006, adopted the attached Administrative Order as a Business Operating Procedure regarding price reductions on spirit products in accordance with MCL 436.1229(2).

The February 15, 2006 Business Operating Procedure provides that ADAs must ensure compliance with a one year purchase prohibition on discounted products. Attached is the record description of the electronic data bases which will be sent once a week from the Financial Management Division to be used to electronically ban licensees from ordering the discounted products.

Also attached is the Commission's February 15, 2006 Order to SDD licensees which details the conditions and procedures to be followed on requests to reduce the selling price for spirits below the minimum selling price in order to dispose of inventory.

Please see that copies of this Bulletin and the February 15, 2006 Business Operating Procedure and Order are distributed to the appropriate people in your organizations.

If you have any questions please contact Jeff Jones at 517-322-1227 or email at jjones@michigan.gov.

### STATE OF MICHIGAN

### DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue
Highland Park, MI 48203

NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405 Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE Kentwood, MI 49512 Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant, MI 48804

### **ADMINISTRATIVE ORDER**

In accordance with the provisions of R 436.1802(14), the following instruction is adopted as a business operating procedure regarding price reductions on spirit products in accordance with MCL 436.1229(2):

MCL 436.1229(2) provides: "The commission may, by rule or order, allow a specially designated distributor to sell alcoholic liquor at less than the minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order."

Authorized Distribution Agents must ensure that a Specially Designated Distributor that has received Commission approval for a price reduction is prohibited from ordering that product in its regular or any other packaging for a period of one (1) year from the approval date.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

February 15, 2006

### STATE OF MICHIGAN

## DEPARTMENT OF LABOR AND ECONOMIC GROWTH LIQUOR CONTROL COMMISSION

### ADMINISTRATIVE ORDER

P. A. 288 of 2005 authorizes the Michigan Liquor Control Commission (Commission) to approve a Specially Designated Distributor (SDD) licensee to reduce the retail price of spirit products below the minimum retail selling price established by the Commission for those products.

Pursuant to Public Act 288 of 2005, MCL 436.1229 was amended to provide, in part:

"(2) The commission may, by rule or order, allow a specially designated distributor to sell alcoholic liquor at less than the minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order"

Acting under the foregoing authority, the Commission hereby Orders that the following conditions and procedures be applied to a request received from an SDD licensee to reduce the selling price for spirits below the minimum selling price in order to dispose of inventory; the Commission further Orders that its Order of February 6, 2001 regarding price reductions by SDD licensees for discontinued products be amended:

- 1. Price reductions may be requested by an individual SDD licensee only on products which have not been purchased by that licensee from the Commission for a period of six (6) months prior to making the request for a price reduction.
  - 2. Price reductions will not be allowed for the top 30 statewide codes.
- 3. With the exception of the top 30 statewide codes, price reductions are available for any spirit product sold by the Commission regardless of its current status, i.e. no longer offered for sale by the Commission or currently listed.
- 4. The SDD licensee may not reorder a product in the same bottle size for which a price reduction has been granted by the Commission for a period of one (1) year after receiving approval for a price reduction by the Commission.

- 5. Value added items are eligible for a price reduction. However, if approved for a price reduction, that product may not be reordered in its regular or any other packaging in the same bottle size by the SDD licensee receiving the approval for a period of one (1) year after the approval is granted.
- 6. The maximum price reduction that may be made is 75% of the minimum retail shelf price that is currently in effect for the requested product or that was in effect for that product when last offered for sale by the Commission. The Commission's reduced retail shelf price will be indicated on the Approval for Price Reduction on Liquor form.
- 7. The allowable period of price reduction will be three (3) months from the date of approval for the price reduction and will be indicated on the Approval for Price Reduction on Liquor issued by the Commission. An SDD licensee may apply for an additional price reduction period at any time.
- 8. An SDD licensee desiring to make a price reduction <u>shall</u> submit a request to the Commission on Form LC-88, "Request for Reduction on Liquor". The request must specifically list those products, sizes, quantities, and percentage of reduction the licensee wishes to offer the products at a reduced price.
- 9. The Commission Order for the "Approval for Price Reduction on Liquor" must be posted in a prominent place where the reduced liquor is being displayed during the period when price reductions are in effect.
- 10. Pursuant to the provisions of MCL 436.2025, a licensee **shall not** give away alcoholic liquor.
- 11. The Commission, at its discretion, may refuse to approve any request for a price reduction.

It is further the Order of the Commission that the procedures and policy contained herein shall have immediate effect.

MICHIGAN LIQUOR CONTROL COMMISSION

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

Date: February 15, 2006

RECORD DESCRIPTION													
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### STATE OF MICHIGAN



## DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

\* \* \* \*

In the matter of the Spirit Price Reduction	Program
As it effects: Specially Designated Distribution	utor
Licensees	

At the September 11, 2012 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner

Dennis Olshove, Commissioner

## ADMINISTRATIVE ORDER NO. 2012-07 SPIRIT PRICE REDUCTION PROGRAM

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission 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. Further, In accordance with the provisions of MCL 436.1229(2), the Commission may, by rule or order, allow a specially designated distributor to sell alcoholic liquor at less than the

Administrative Order No. 2012-07 September 11, 2012 Page 2 of 5

minimum retail selling price in order to dispose of inventory at a price and under conditions and procedures established through that rule or order.

In accordance with the provisions of MCL 436.1229(2), the Liquor Control Commission approved an Administrative Order on February 15, 2006 establishing the conditions and procedures for a spirit price reduction program for specially designated distributor (SDD) licensees. To improve the spirit price reduction program and to better serve the SDD licensees, the Commission finds that the previous order should be rescinded and a new order approved. New conditions and procedures will include; the removal of the top 30 statewide code condition, the removal of the six month purchase condition, a change in the maximum allowable price reduction percentage, and the creation of a minimum retail shelf price below which price reduction requests will not be approved.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved.

### THEREFORE, IT IS ORDERED THAT:

- A. The Administrative Order of the Commission dated February 15, 2006 is hereby RESCINDED.
- B. New conditions and procedures are APPROVED as follows:
  - The SDD licensee may request price reductions for any spirit
    product sold by the Commission, regardless of its current status, on
    the form approved by the Commission. Products no longer offered
    for sale by the Commission or currently listed are eligible for
    Commission consideration.
  - 2. The SDD licensee is prohibited from reordering a product in the same bottle size for which a price reduction has been granted by

Administrative Order No. 2012-07 September 11, 2012 Page 3 of 5

- the Commission for a period of one (1) year after the approval was granted by the Commission.
- 3. The SDD licensee may request price reductions for value added packages. However, if approved for a price reduction, the SDD licensee is prohibited from reordering that product in its regular or any other packaging in the same bottle size for a period of one (1) year after the approval was granted.
- 4. The SDD licensee shall not request a maximum price reduction of more than 50% of the minimum retail shelf price that is currently in effect for the requested product or that was in effect for that product when last offered for sale by the Commission. If the request for approval is granted, the approval for the reduced retail price for the SDD licensee shall be indicated on the "Approval for Price Reduction on Liquor" form.
- 5. The SDD licensee shall not request a reduction of the retail shelf price below \$2.00 per bottle for any spirit product regardless of the bottle's size, subject to:
  - a. For products with a minimum retail shelf price above \$2.00 a bottle, the SDD licensee may request consideration for approval for a price reduction to a price not lower than \$2.00 a bottle.
  - For products with a minimum retail shelf price at or below \$2.00
     a bottle, the SDD licensee shall not request approval for a price reduction.
- 6. The SDD licensee shall not offer the approved reduced price for more than a three month period. The three (3) month period shall begin with the date of approval indicated on the "Approval for Price Reduction on Liquor" form issued by the Commission. An SDD

Administrative Order No. 2012-07 September 11, 2012 Page 4 of 5

licensee may apply for an additional price reduction period for other products, at any time.

- 7. The SDD licensee shall submit a "Request for Price Reduction on Liquor" on the Commission form, to the Commission, to request all spirit price reductions. The SDD licensee shall specifically list on the form those products, sizes, quantities, and percentage of reduction for the products that the licensee is requesting a reduced price.
- 8. The SDD licensee shall display the Commission Order, the "Approval for Price Reduction on Liquor" form, in a prominent place where the reduced liquor is being displayed during the period when price reductions are in effect.
- The SDD licensee shall not give away alcoholic liquor, in accordance with the provisions of MCL 436.2025(1).
- 10. The Commission shall consider all requests meeting these conditions and procedures. The Commission shall approve or deny each request after discussion at a Commission meeting. Requests may be tabled for further information or discussion.
- C. The Rescission and the Approval will be effective beginning on January 1, 2013.

MICHIGAN LIQUOR CONTROL COMMISSION

Andrew J. Deloney, Chairman

Administrative Order No. 2012-07 September 11, 2012 Page 5 of 5

Veri R. Quimbeg

Teri L. Quimby, Commissioner

Dentolde

Dennis Olshove, Commissioner

Date: September 11, 2012

sdr





NIDA R. SAMONA CHAIRPERSON

### **Bulletin No. 3124-17**

Date:

October 10, 2007

To:

Authorized Distribution Agents, SDD Licensees, Class C Licensees, Class G-1

Licensees, Club Licensees, Class B Hotel

From:

Nida R. Samona, Chairperson

Michigan Liquor Control Commission

Subject:

ILLEGALLY OBTAINED SPIRITS AND OTHER GOODS

In early September of this year, a driver for an Authorized Distribution Agent (ADA) was shot and seriously injured in an attempted hijacking while delivering spirit products to licensees. In addition, there have been several hijackings of ADA delivery trucks in the ast several years that have resulted in merchandise being stolen and possibly illegally sold to licensees.

The Michigan Liquor Control Commission is very concerned about the safety of these drivers and any such potential law violations.

Licensees are hereby advised that any licensee involved, directly or indirectly, in any operation which obtains goods from an illegal source including any involvement in an attempted hijacking, the purchase or possession of stolen goods (whether or not spirit products), and the importation or mere possession of spirit products from an illegal source would result in an immediate hearing for revocation of the license.

Further, acceptance of any stolen goods will result in a criminal action taken against the licensee with the full cooperation of the Michigan Liquor Control Commission.

Lansing, Michigan 48909-7505

Liquor Control Commission

7150 Harris Drive

P.O. Box 30005

(517) 322-1345

### Department of Consumer & Industry Services

Kathleen M. Wilbur, Director

### **BULLETIN #3010-17**

DATE:

December 27, 2000

TO:

Vendors, Vendor Representatives, Authorized Distribution Agents,

and Executive Staff

FROM:

Michigan Liquor Control Commission

SUBJECT:

Spirit Return Policy Change for Cream Drink Products

At the meeting on November 21, 2000 the Michigan Liquor Control Commission amended its Order of June 17, 1997 to include an approved reason for product adjustment for cream drink products. This amendment requires the Authorized Distribution Agents (ADA) to accept the return of cream drink products for replacement or credit if purchased within the previous six months. The November 21, 2000 Commission Order reads:

"The following is the approved policy for the replacement or credit for spirit products delivered to a retail licensee by an Authorized Distribution Agent, effective immediately:

The following are approved reasons for product adjustments:

- 1. Broken bottles dry breakers in sealed cases.
- 2. Leaking bottles, but not opened bottles.
- 3. Missing bottles from sealed cases.
- Short-filled bottles (with seals intact).
- 5. Defective caps and seals.
- 6. Torn or discolored trade labels.
- 7. The presence of foreign matter or excessive sediment provided the bottle is at least ¾ full.
- 8. Driver or salesperson delivery/order error.
- 9. Licensee order errors, if reported within 48 hours of delivery.
- 10. Licensee suspension or revocation.
- 11. Internal Revenue Service or Michigan Department of Treasury seizure.
- 12. Salable products not used by a Special (24 hour) licensee.

Bulletin #3010-17 December 27, 2000 Page 2

13. Cream products which are unsalable due to spoilage provided the products were purchased within the previous six months.

The following are not approved reasons for product adjustments:

- 1. Opened bottles, except in the case of unpalatable merchandise.
- 2. Tampered bottles, if the tampering could have occurred at the licensee's place of business.
- 3. Slow-moving items or items overstocked by the licensee.
- 4. Products for which there is only a limited or seasonal demand."

The addition of approved product adjustment reason number 13 was the only change made to the Commission Order of June 17, 1997.

If you have any questions, please contact the Financial Management Division at (517) 322-1382.



## STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF LABOR & ECONOMIC GROWTH KEITHW. COOLEY, DIRECTOR

NIDA R. SAMONA CHAIRPERSON

**Bulletin No. 3125-17** 

Date:

October 10, 2007

To:

Authorized Distribution Agents, SDD Licensees, Class C

Licensees, Class G-1 Licensees, Club Licensees, Class B

Hotel

From:

Nida R. Samona, Chairperson

Michigan Liquor Control Commission

Subject:

**REFUSED DELIVERIES** 

It has come to the attention of the Michigan Liquor Control Commission that the Authorized Distribution Agents are experiencing increased incidences of licensees refusing to accept a delivery of spirit products.

### These refusals result in:

- Drivers have to work around the refused order
- Increased chance of breakage
- Increased costs due to handling the product more than once
- Delays in deliveries to subsequent licensees on the delivery route
- Restocking of the refused products
- Cancellation of the licensee's invoice

Therefore, licensees are advised that the refusal to accept a delivery may result in a stop purchase status for a period to be determined by the Commission.



NIDA R. SAMONA CHAIRPERSON

**Bulletin #3075-17 Returned and Refused Orders** 

July 15, 2004

To Our Valued Customers - Our Licensees:

The Michigan Liquor Control Commission is always looking for creative ways to address problems and concerns many in this industry face. A major issue that has been raised, and is of concern, is that of returned or refused liquor orders.

The Commission wants to continue to provide weekly liquor delivery and hold down costs for this free service to you, our customers. Research has revealed that, for the year 2003, an astonishing \$13,000,000 of merchandise ordered by licensees was refused at delivery. Over 30,000 times last year licensees refused some portion or all of an order. **This was for merchandise actually ordered by the customer, not misdelivered merchandise.** So far the Commission has absorbed the tremendous costs of this returned merchandise. Truck drivers must reload refused merchandise, work around it for the rest of the day, take care to prevent breakage, and unload it back at the warehouse where someone else must put each bottle away.

The Commission is asking for your help to solve this problem. One consideration is a restocking fee for refused merchandise. A restocking fee would be a last resort step. This fee, if implemented, would be sufficient to cover the costs of extra shipping and handling. Your trade associations, with whom we have regular contact, have asked us to explain the situation first. You should have already received some communication from your associations regarding this issue. Again, I hope cooperation and working together is the ultimate solution.

You can help keep returns of merchandise a free service by **ordering what you know you absolutely need and can pay for** when you place your order. Many licensees tell us ordering liquor through the MLCC Internet site helps accuracy. The order can be seen and errors corrected before order placement. Telephone ordering systems also allow confirmation of each item ordered. The Commission will monitor return volume for 60 days and if returns remain high, the Commission may impose a return fee for refused merchandise or take other action to alleviate the problem.

The Michigan Liquor Control Commission hopes to see the hospitality industry continue its robust pace this summer tourist season. Thank you for your cooperation and understanding. Have a safe and prosperous summer!

Sincerely,

Nida R. Samona, Chairperson

# STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH STANLEY "SKIP" PRUSS, DIRECTOR

NIDA R.SAMONA CHAIRPERSON

Bulletin # 3150-17

January 5, 2010

Dear Licensee,

Re: Distilled Spirit Product Returns

The Michigan Liquor Control Commission (MLCC) has reviewed its distilled spirit delivery system policies and procedures. Effective June 1, 2010, the Commission will change its product return policy pursuant to the U.S. Tax and Trade Bureau (TTB) regulations. TTB regulations require liquor licensees to pay for all of the distilled spirit products that they order. TTB regulations state in Title 27, Section 11.31 of the Code of Federal Regulations "that it is unlawful to sell, offer to sell, or contract to sell products with the privilege of return for any reason, other than those considered to be "ordinary and usual commercial reasons" arising after the product has been sold."

Permitting the broad-based and simple return of distilled spirits violates the federal consignment sales laws for alcohol. Therefore, the MLCC policy will require licensees to accept the delivery of, and pay for, all spirit products that they order. The TTB regulations include a limited number of "ordinary and usual commercial reasons" under which spirit products can be returned. These "ordinary and usual commercial reasons" can be located in Title 27, Sections 11.32 through 11.39 of the Code of Federal Regulations. Under the Commission's product return policy, the Commission will not permit licensees to order additional spirits if they do not pay for their entire spirit orders.

If you have any questions please contact the Michigan Liquor Control Commission at 800,701,0513.

JENNIFER M. GRANHOLM



NIDA R.SAMONA CHAIRPERSON

Bulletin #3151-17

Date: December 16, 2009

To: Authorized Distribution Agents, Vendors, Vendor Representatives, Industry Associations

From: Michigan Liquor Control Commission

Subject: ADA Distribution System - Proposed Service Changes

The Michigan Liquor Control Commission has reviewed the three distilled spirit delivery system changes requested by the Authorized Distribution Agents (ADAs). The Commission has held several meetings at various locations in the state to gather the opinions of our retail liquor licensees. Two of these meetings were held on August 3, 2009 and October 8, 2009. The ADA's three requested changes, and the Commission's decision on them, are as follows:

- 1. <u>Permit only full case purchases of the most popular selling items.</u> The Commission has listened to the licensee's concerns and has decided not to implement this change.
- Raise the minimum order quantity, from one full case to two full cases, to receive free
  weekly delivery from an ADA. The Commission has listened to the licensee's concerns
  and has decided not to implement this change.
- 3. Establish a re-stocking fee for licensees who refuse their entire delivery and/or who "shop" their order, only accepting some of the products delivered. Pursuant to the U.S. Tax and Trade Bureau (TTB) regulations, the Commission will change its product return policy effective June 1, 2010. Under the TTB regulations liquor licensees are responsible to pay for all spirit products they order. The TTB regulations also include "ordinary and usual commercial reasons" under which spirit products can be returned. These "ordinary and usual commercial reasons" can be located in Title 27, Sections 11.32 through 11.39 of the Code of Federal Regulations. The Commission will not permit liquor licensees to order additional spirits if they do not pay for their entire spirit orders.

If you have any questions please contact the Michigan Liquor Control Commission at 800.701.0513.



NIDA R.SAMONA CHAIRPERSON

Bulletin #3152-17

Date: December 21, 2009

To: Authorized Distribution Agents

From: Michigan Liquor Control Commission

Subject: Distilled Spirit Product Returns

The Michigan Liquor Control Commission (MLCC), at its administrative meeting of December 16, 2009 adopted the attached Commission Order as a Business Operating Procedure regarding distilled spirit product returns in accordance with the provisions of Rule 436.1802(14). This new Business Operating Procedure will be effective June 1, 2010.

The December 16, 2009 Business Operating Procedure changes the Commission's distilled spirit product return policy to comply with the U.S. Tax and Trade Bureau (TTB) regulations. Under the Commission's revised product return policy, all retail liquor licensees will be required to pay for all of the distilled spirit products that they order. Authorized Distribution Agents (ADAs) must either collect full payment for all of the spirit products ordered and delivered or must return the entire spirit order to their warehouse. ADAs must immediately inform the MLCC's Financial Management Division of all distilled spirit product returns. The Commission will not permit liquor licensees to order additional spirits if they do not pay for their entire spirit order. ADAs must immediately notify the MLCC's Financial Management Division when a licensee appropriately resolves their spirit return problem.

The TTB regulations do permit the return of spirit products for a limited number of very specific reasons. The Commission will only allow the return of spirit products for the five specific reasons, taken from the TTB-regulations, stated in the attached Commission-Order.

Please distribute copies of this Bulletin and the December 16, 2009 Business Operating Procedure to the appropriate people in your organization.

If you have any questions please contact the Michigan Liquor Control Commission, Financial Management Division at 517.322.1382.

### STATE OF MICHIGAN

## DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH LIQUOR CONTROL COMMISSION

General Wine & Liquor Co. 373 Victor Avenue Highland Park, MI 48203 NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

### **ADMINISTRATIVE ORDER**

In accordance with the provisions of Rule 436.1802(14), the following policy is approved and adopted as a Business Operating Procedure regarding product returns:

The Michigan Liquor Control Commission has reviewed its distilled spirit delivery system policies and procedures. Based upon discussions with the United States Tax and Trade Bureau (TTB), the Commission is revising its distilled spirit product return policy effective June 1, 2010. TTB regulations require liquor licensees to pay for all of the distilled spirit products that they order. TTB regulations state in Title 27, Section 11.31 of the Code of Federal Regulations that "it is unlawful to sell, offer to sell, or contract to sell products with the privilege of return for any reason, other than those considered to be "ordinary and usual commercial reasons" arising after the product has been sold."

The TTB regulations include "ordinary and usual commercial reasons" under which spirit products can be returned. These "ordinary and usual commercial reasons" can be located in Title 27, Sections 11.32 through 11.39 of the Code of Federal Regulations. Pursuant to Title 27, Sections 11.32 through 11.36, the Commission will only allow product returns for the following reasons:

- Defective product
- · Error in products delivered
- Product which may no longer be lawfully sold
- Termination of business
- Termination of franchise

Effective June 1, 2010 all retail licensees are required to accept the delivery of, and pay for, all spirit products that they order.

TTB regulations, as stated above, will be used to determine allowable reasons for product returns.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Dated: December 16, 2009

Donald B. Weatherspoon, Commissioner





Bulletin # 3154-17

May 2, 2010

Dear Licensee,

Re: Distilled Spirit Product Returns

The following information is clarification of Bulletin 3150-17, dated January 5, 2010, which states: "The Michigan Liquor Control Commission (MLCC) has reviewed its distilled spirit delivery system policies and procedures. Effective June 1, 2010, the Commission will change its product return policy pursuant to the U.S. Tax and Trade Bureau (TTB) regulations. TTB regulations require liquor licensees to pay for all of the distilled spirit products that they order."

The Commission will not permit licensees to order additional spirits if they do not pay for their entire spirit order.

The Commission will only allow the return of spirit products for the following reasons. You <u>can</u> return items that are defective products, delivery errors, saleable inventory due to termination of business or franchise.

You <u>cannot</u> return items that are ordered in error, overstocked, slow moving, opened, tampered with or because of a limited or seasonal demand for the product.

If you have any questions please contact the Michigan Liquor Control Commission at 800,701,0513.

# N T E R FINANCIAL MANAGEMENT

### OFFICE

MICHIGAN LIQUOR CONTROL COMMISSION

Date:

December 15, 1999

To:

Jacquelyn Stewart, Chairwoman, Walter Keck, Commissioner,

Seymour Podolsky, Commissioner

NJK

From:

Nancy J. King, Director of Financial Management

Subject:

Minimum Refund Amount

In response to the recently released internal audit of revenue refunds, the auditors recommended that the Commission review its minimum refund policy.

The minimum refund amount is currently set by the Commission at \$10.00. The audit suggests that the minimum should be \$20.00. We will also make exceptions to our \$10.00 minimum if the person to whom we owe money requests it. Requests for exceptions, which I receive by phone, are very rare.

The rationale for the auditors to raise the minimum is the cost of processing the refund. They recommend a study be conducted to determine how much it costs to process a refund by the department. I do not know how much it costs to process a refund.

I recommend that we keep the minimum refund amount at \$10.00. I don't have any scientific reason or analysis I can offer you at this time. I believe our policy is reasonable as it is: a \$10.00 minimum with exceptions granted upon request. Ten dollars may be a lot of money to an individual.

I will write to Alan Pohl in the CIS department. I will ask that if he conducts an analysis to determine the cost of processing a refund, that he share the analysis with us. I would then submit it to the Commission to revisit the policy.

Please let me know if I should put this item on an upcoming Commission Business Meeting agenda. Also let me know if you have any questions.

cc: Steve Robinson

Steve Cook

Pam Hamilton

## STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH STANLEY "SKIP" PRUSS, DIRECTOR

NIDA R.SAMONA CHAIRPERSON

Bulletin #3151-17

Date: December 16, 2009

To: Authorized Distribution Agents, Vendors, Vendor Representatives, Industry Associations

From: Michigan Liquor Control Commission

Subject: ADA Distribution System – Proposed Service Changes

The Michigan Liquor Control Commission has reviewed the three distilled spirit delivery system changes requested by the Authorized Distribution Agents (ADAs). The Commission has held several meetings at various locations in the state to gather the opinions of our retail liquor licensees. Two of these meetings were held on August 3, 2009 and October 8, 2009. The ADA's three requested changes, and the Commission's decision on them, are as follows:

- 1. <u>Permit only full case purchases of the most popular selling items.</u> The Commission has listened to the licensee's concerns and has decided not to implement this change.
- 2. Raise the minimum order quantity, from one full case to two full cases, to receive free weekly delivery from an ADA. The Commission has listened to the licensee's concerns and has decided not to implement this change.
- 3. Establish a re-stocking fee for licensees who refuse their entire delivery and/or who "shop" their order, only accepting some of the products delivered. Pursuant to the U.S. Tax and Trade Bureau (TTB) regulations, the Commission will change its product return policy effective June 1, 2010. Under the TTB regulations liquor licensees are responsible to pay for all spirit products they order. The TTB regulations also include "ordinary and usual commercial reasons" under which spirit products can be returned. These "ordinary and usual commercial reasons" can be located in Title 27, Sections 11.32 through 11.39 of the Code of Federal Regulations. The Commission will not permit liquor licensees to order additional spirits if they do not pay for their entire spirit orders.

If you have any questions please contact the Michigan Liquor Control Commission at 800.701.0513.





### **Bulletin 3078-17**

DAVID C. HOLLISTER, DIRECTOR

DATE:

September 15, 2004

TO:

All Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: Administrative Order - State of Michigan Fiscal Year End

The State of Michigan fiscal year end is approaching. Following is a reminder of the procedures to follow, especially on deposits, deposit labeling, and file transmission.

Be advised that at its administrative meeting of August 27, 2002 the Michigan Liquor Control Commission adopted the following as a business operating procedure for fiscal year end closings:

"The end of the State of Michigan's fiscal year is September 30.

A clear and accurate separation between September sales and deposits and the sales and deposits for October must be maintained. Truck drivers, regional offices, or home offices making deposits for route collections of more than one day must first sort the invoices into September sales and October sales and make out separate deposit slips for each.

Each deposit slip must be marked as follows:

- The sales date that the deposit pertains to must be clearly indicated on the slip.
- 2. The date that the deposit went to the bank must be clearly indicated on the slip.
- The time that the deposit went to the bank must be clearly indicated on the slip 3. for all deposits made on September 30.

Deposit slips for old year only (September 30 and earlier) sales need to be faxed to the Data Management Section at 517-322-6943 on a daily basis and all old year deposit slip information must be received by the Liquor Control Commission no later than the third business day after September 30.

Pink and blue copies of the deposit slips must be attached to the daily recaps.

Bulletin 3078-17 September 15, 2004 Page 2

All EFT files for old year sales must be received by MLCC no later than 10:00 p.m. on the evening of the next business day after September 30.

Adjusted daily invoice files must be transmitted for all September 30 sales and associated deposits separately from any October sales and deposits. Sales between the fiscal years cannot be combined on one adjusted daily invoice file.

These instructions must be followed every fiscal year beginning on September 25 and continue until all September sales have been receipted in."

Please make sure copies of this procedure are forwarded to the appropriate accounting and systems staff in your organizations.

If you have any questions about the above procedure please contact the MLCC Data Management Section at 517.322.1382.

cc: Nancy King
Steve Robinson
Steve Cook
Jeff Jones
Chris Volz
Liliana Paceagiu
Allen Parker

6A:\bulletin091504

Jquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

### **MEMORANDUM**

Date:

June 5, 1997

To:

J. Lewis Cooper, Trans-Con., Company Syd Ross, General Wine and Liquor John Baker, National Wine and Spirits

NIZ

From:

Nancy J. King, Director of Financial Management

Subject:

Confiscations of Spirit Products by Other Agencies

At a recent meeting of the Michigan Liquor Control Commission the following procedure was approved to handle confiscations of spirit products by another agency.

- 1. The confiscating agency submits the request for return of inventory to the Enforcement Division and copies of documents of authority for the confiscation.
- 2. The Commission considers the request at a Licensing meeting. If approved, the Commission approval will include a proviso that the agency sorts the inventory by Authorized Distribution Agent (ADA).
- 3. Enforcement mails the Commission Order and Form LC-663, Inventory of Returned Liquor to the confiscating agency. Lists of ADAs and respective products will be provided by the MLCC.
- 4. Upon receiving approval from the Commission, the confiscating agency sorts inventory by ADA and completes Form LC-663, Inventory of Returned Liquor. A separate LC-663 must be completed for each ADA.
- 5. The confiscating agency contacts the appropriate ADA(s) to arrange a time for pickup by the ADA or delivery to the ADA by the agency.
- 6. The ADA picks up their products from the confiscating agency or the licensee returns products to ADA warehouse. The ADA verifies salable products and crosses products not acceptable off LC-663. The Commission Order will give permission for agency to destroy non-salable products or return to the licensee. The ADA returns salable products to state owned inventory.

- 7. The ADA verifies to the Commission that products have been picked up and returned to state inventory. Only salable products can be accepted by the ADA and returned to state inventory. The ADA will provide to the State a copy of Form LC-663 which has been signed by both the agency representative and the ADA. The form LC-1250 Store (State) Inventory Adjustment will be completed by the ADA for use by the State to adjust State owned inventory. This document is to be completed on the date the inventory is put back to stock. Reason 04 should be used. If a report detailing items accepted by the ADA with costs by line can be produced by the ADA similar to the attached example, then only the summary information needs to be completed on the LC-1250 as shown in the attached example. The completed documents for this transaction should be mailed with the LC-663 form and the daily sales and cash recap report to the Liquor Commission's Financial Data Management section.
- 8. The Commission pays the confiscating agency for salable products less 10%.
- 9. The Commission pays the ADA the 10% handling charge withheld from the confiscating agency's payment.

Enclosed is a small supply of form LC-663-1, Inventory of Returned Liquor and form LC-663-2, Inventory of Returned Liquor Continuation in case the need for them arises. A supply of LC-1250 Adjustment forms is also enclosed for your use. We have requested minor changes to the liquor return forms to adapt for ADA use.

Attachments.
c: Asha Shah
Randy Martin
Burt Ide
Claudia Mueller

### Your Rights Under the New Distribution System

with the Authorized Distribution Agents (ADAs)

### You are entitled to...

- ✓ Free weekly deliveries, if you order a minimum of one case with each ADA. That case can be made up of split items.
- ✓ A specified order day, and a specified delivery day. Delivery days are to be no more than six days from your specified order day.
- ✓ 12 emergency orders per year, to be made available to you within 18 working hours. You may have to pay up to \$20 if the ADA delivers the emergency order to you. However, the ADA cannot charge a fee if you are required to pick your order up at their facility.
- ✓ Purchase 9 liters of spirits per month from an Off-Premise Licensee if you are an On-Premise licensee. Licensees must keep records verifying those purchases. (Off-Premise licensees also have federal responsibilities. Call the Bureau of Alcohol Tobacco and Firearms at (513) 684-2807 for more information.)
- ✓ Make payment, on delivery, with a check, money order or cash. There are no cash handling fees. Please place your license number on any check or money order used to make payment. Also, make checks or money orders payable to: The State of Michigan.

### Return Policy...

Unsaleable items may be returned to the ADA for credit. Returnable items include; damaged bottles, deteriorated products, leaking containers, bottles with damaged labels, and short filled bottles.

Licensee ordering errors are also returnable, if the error is reported to the ADA within 48 hours.

You CANNOT return items which are overstocked, slow moving, opened, tampered with or because of a limited or seasonal demand for the product.

### Split Case Policy

You may order in split cases, at no extra cost. By Commission order the split case policy for all ADAs is...

<u>Size</u>	<u>Split</u>
1.75 liter 1.0 liter 750 ML 375 ML 200 ML 100 ML 50 ML	1 and 3 1,3, or 6 1,3, or 6 3,6, or 12 12 or 24 No splits No splits
	-

### Additional Information...

SDD Licensees <u>may not</u> include the sales tax in their displayed shelf price or advertised price for spirits. The sales tax must be collected from the customer at the point of sale and paid to the Michigan Department of Treasury, similar to all other products subject to sales tax.

<u>Please</u> thoroughly check your order for accuracy and damage immediately upon receipt and report any discrepancies to the truck driver to prevent return or correction problems.

Remember to plan for possible holiday delays and changes in holiday delivery schedules. Contact the ADAs for information on holiday schedules.

Bullentin #2903-17 06/20/97 Adjusted Daily Invoice File

. . . .

### Instructions for Adjusted Daily Invoice File

### Purpose:

Each Authorized Distribution Agent of the Michigan Liquor Control Commission is required to report all sales and adjustments, including dollar amounts and inventory for a day to the Office of Technology Resources, for processing on behalf of the Michigan Liquor Control Commission, on a daily basis. This information will be sent electronically in the form of an Adjusted Daily Invoice File, created using the following instructions, and is subject to change by the Office of Technology Resources and the Michigan Liquor Control Commission. Sales for a day is defined as everything delivered on a day plus or minus any adjustments.

### Required:

This file will represent the invoices for a day, after day of delivery adjustments are made for that day, and will be transmitted by the second business day after delivery. Adjustments from prior day orders will also be included if they have been processed on the day being reported. Totals from this report will be used on a daily basis to reconcile sales to cash deposits by the Michigan Liquor Control Commission.

At least one Detail record must be created per licensee, per order using the proper format.

A Total record must be included for each licensee, for each order, and must follow the "Total Record" format.

A Grand Total record must be included at the end of each file using the attached format.

### Instructions:

Please refer to the attached EDP File Description to build the Invoice Detail, Total, and Grand Total records as follows:

### Invoice Detail File (Detail Record):

One record, Type RO, Detail Record, must be created for every different liquor code on each invoice. Each order must contain at least 1 RO record.

- Transaction Type Value must equal "RO."
- ADA Number The three digit numeric identifier assigned to the Authorized Distribution Agent by the Michigan Liquor Control Commission for use in this file.
- License Number The six digit numeric identifier assigned to the licensee by the Michigan Liquor Control Commission (MLCC).
- Liquor Code The five digit MLCC numeric identifier on the Liquor Code Master of the liquor product that the licensee is purchasing or returning.
- Brand Name The brand name from the Liquor Code Master of the liquor product that the licensee is purchasing or is being adjusted.
- Bottles Invoiced The number of bottles that were delivered by the ADA and accepted by the licensee upon delivery.
- Bottles Per Case The number of bottles in one case of this particular product. This is set by the Purchasing unit of the Michigan Liquor Control Commission, and is maintained in the Liquor Code Master file.
- Price per Bottle The base price per bottle of the liquor product, set by the Michigan Liquor Control Commission and maintained in the Liquor Code Master file.
- Total Cost Amount The number of bottles invoiced multiplied by the base price per bottle set by the MLCC and contained in the Liquor Code Master file.

### Instructions for Adjusted Daily Invoice File

- Licensee Name, D.B.A. The name of the business assigned to the license number.
- Bottles Ordered The number of bottles that the licensee originally ordered, which was included in the Gross Order File sent to the MLCC for purchase by this licensee.
- **Bottles Adjusted** The difference between Bottles Ordered and Bottles Invoiced.

  Bottles returned, and any breakage or salvage from a prior order, must also be included.
- Adjustment Reason The number that is assigned in the EDP File Description for each type of adjustment. If there is more than one adjustment reason for a liquor code then an additional RO record is needed. In the additional records the Bottles Invoiced and Bottles Ordered will be zero, and the Bottles Adjusted will reflect the quantity of the second adjustment. The Adjustment Reason will also reflect the second adjustment.
- Adjustment Document Number The number of the adjustment document required by the Michigan Liquor Control Commission.
- License Type The two digit type number assigned to the licensee by the Michigan Liquor Control Commission.

### Invoice Detail File (Licensee Total Record):

One record type TO, Total Record, must be created for each licensee order and must appear after the Detail Records for that order.

- Transaction Type Value must be "TO"
- License Type The two digit type number assigned to the licensee by the Michigan Liquor Control Commission.
- ADA Number The three digit numeric identifier assigned to the Authorized Distribution Agent by the Michigan Liquor Control Commission.
- License Number -The six digit numeric identifier assigned to the licensee by the Michigan Liquor Control Commission.
- Retail Amount Sum total of all Total Cost Amounts in the licensee's detail (RO) records for that order.
- Sales Day Calendar day of the month that delivery took place.
- Total Net Amount of Invoice Retail Amount plus Tax Amount plus Invoice Adjustment less Discount Amount. This amount must always be positive. A prior day adjustment may not be relieved on an invoice where the adjustment is larger than the invoice.
- Invoice Adjustment The amount of overcharges and undercharges relieved from prior day orders, plus any Type 2 adjustments.
- Number of Bottles Total number of bottles invoiced on this order.
- Discount Amount Total amount of discount that applies to this order.
- Filler Blank spaces. Reserved for future use.
- Invoice Number Assigned by the ADA.
- Tax Amount Total amount of state taxes for order.
- Payment Type "EFT" for licensees participating in the Electronic Funds Transfer program as determined by the MLCC, or left blank for those who don't.

### Instructions for Adjusted Daily Invoice File

Invoice Detail File (Grand Total Record):

One record type GR, Grand Total Record, must be included at the end of each file with the following information:

- Transaction Type Value must be "GR."
- Today's Date The date the file was created.
- Invoice Date The date of the all of the invoices being reported, which is also the date of delivery, which is also the sales day being reported.
- Filler Blank spaces. Reserved for future use.
- Grand Total Bottles Sold Total of all "Number of Bottles" from the TO records.
- Total RO records Count of RO records.
- Total TO records Count of TO records.
- Total EFT Payments Total net invoice amounts paid by licensees with Payment Type "EFT."
- Total Non-EFT Payments Total net invoice amounts paid by licensees with Payment Type "blank."
- Grand Total Payments Total of EFT payments plus Non-EFT payments. This should also be equal to the sum of all "Total Net Amount of Invoice" amounts from "TO" records.

Required:

Each day's Adjusted Daily Invoice File must be transmitted to an MLCC designated host address, currently "MLGCMAIL@UNIX.CIS.STATE.MI.US," in its entirety by the second business day after delivery. FTP to +P-148.149.39.

Sales from the Adjusted Daily Invoice File must be used to create a report of total sales for the day by license type. This report will be used to create a Daily Recap of Cash and Sales report, and a copy of it will be sent to the MLCC along with the Daily Recap of Cash and Sales.

#### **EDP FILE DESCRIPTION** DATA NAME: Licensee Total Record or TO FILE NAME: Invoice Detail File PAGE: 2 OF 3 **DIVISION: Liquor Control Commission SECTION:** Financial Management SEQUENCE: FILE TYPE: Disk HEADER ID: CL55100D03/XXX BLOCK SIZE: 112 RECORD SIZE: 112 **BLOCKING FACTOR: 1** FORMAT: Fixed LABEL: Standard REMARKS: YEAR - CCYY **OUTPUT FROM: ADA Daily Invoices DATES - CCYYMMDD** INPUT TO: CL30990 **FROM** TO LENGTH **DESCRIPTION FORMAT** 2 1 **Transaction Type** XX Value equals "TO" 2 2 3 4 License Type 9 (2) 7 5 **ADA Number** 9 (3) 3 6 8 13 License Number 9 (6) 22 Retail Amount 9 14 S9 (7) V99 23 23 Filler Х 1 25 Sales Day 99 2 24 (Calendar day of the Month) 26 35 Filler X (10) 10 43 Total Net Amount of Invoice S9 (6)V99 8 36 51 Invoice Adjustment \$ - Mdse Refund/Breakage 8 44 S9 (6)V99 59 Invoice Adjustment \$ - Over/Under Charges S9 (6) V99 8 52 60 64 **Number of Bottles** S9 (5) 5 65 65 Filler X (1) 1 66 73 **Discount Amount** S9 (6) V99 8 91 18 74 Filler X (18) 100 92 Invoice Number S9 (9) 9. 101 109 Tax Amount S9 (6)V99 9 3 110 112 Payment Type X (3) Value equals "EFT" or " " PREPARED BY: Jeffrey M. Jones DATE: September 7, 2001 TOTAL CHARACTERS: 112

#### **EDP FILE DESCRIPTION** FILE NAME: Invoice Detail File DATA NAME: Detail Record or RO PAGE: 1 OF 3 **DIVISION: Liquor Control Commission SECTION:** Financial Management SEQUENCE: FILE TYPE: Disk HEADER ID: CL55100D03/XXX **RECORD SIZE: 112 BLOCKING FACTOR: 1 BLOCK SIZE: 112** FORMAT: Fixed LABEL: Standard **OUTPUT FROM: ADA Daily Invoices** REMARKS: YEAR - CCYY DATES - CCYYMMDD **INPUT TO: CL30990 FROM LENGTH** TO **DESCRIPTION FORMAT** 2 Transaction Type XX Value equals "RO" 2 1 3 5 Filler X (3) 3 6 8 **ADA Number** 9 (3) 3 9 14 License Number 9 (6) 6 19 5 Liquor Code 9 (5) 15 25 Filler 6 20 X (6) 26 40 **Brand Name** 15 X (15) 41 45 Bottles Invoiced (delivered) S9 (5) 5 56 46 Filler X (11) 11 57 60 **Bottles per Case** 9 (4) 4 66 9 (4)V99 6 61 Price per Bottle 67 67 Filler Х 1 68 74 **Total Cost Amount** S9 (5)V99 7 75 89 Licensee Name (DBA) 15 X (15) 5 94 90 Bottles Ordered (originally) S9 (5) 99 5 95 Bottles Adjusted (for reason) S9 (5) 100 101 99 2 Adjustment Reason 102 106 Adjustment Document Number 5 9 (5) 108 2 107 License Type 9 (2) 109 112 4 Filler X (4) PREPARED BY: Jeffrey M. Jones DATE: September 7, 2001 **TOTAL CHARACTERS: 112**

### **EDP FILE DESCRIPTION** FILE NAME: Invoice Detail File DATA NAME: Grand Total Record or GR PAGE: 3 OF 3 **DIVISION: Liquor Control Commission SECTION: Financial Management** SEQUENCE: FILE TYPE: Disk HEADER ID: CL55100D03/XXX BLOCK SIZE: 112 RECORD SIZE: 112 **BLOCKING FACTOR: 1** FORMAT: Fixed LABEL: Standard REMARKS: YEAR - CCYY **OUTPUT FROM: ADA Daily Invoices DATES - CCYYMMDD** INPUT TO: CL30990 TO **FROM FORMAT LENGTH** DESCRIPTION 2 1 Transaction Type XX Value equals "GR" 2 10 Today's Date (System) 3 X (8) 8 11 18 **Invoice Date** X (8) 8 26 8 19 Filler X (8) 34 **Grand Total Bottles Sold** S9 (8) 8 27 42 Grand Total "RO" Records 8 35 9 (8) 50 Grand Total "TO" Records 8 43 9 (8) 51 60 Total EFT Payments S9 (8) V99 10 70 **Total Non-EFT Payments** S9 (8) V99 61 10 71 80 **Grand Total Payment** S9 (8) V99 10 112 Filler 32 81 X (32) PREPARED BY: Jeffrey M. Jones DATE: September 7, 2001 TOTAL CHARACTERS: 112

### LICENSEE APPLICABLE TAX AND ORDERING MATRIX

LICENSE CLASS	LICENSE TYPE	*DISCOUNT	*SPECIFIC TAXES	*EXCISE TAX	*ALCOHOL TAX	SALES TAX	SIZES ALLOWED (ML)
SDD	10	17%	4% + 4%	4%	1.85%	N/A	All sizes except 8298-8, Clea Spring®
SDD-RESORT	15	17%	4% + 4%	4%	1.85%	N/A	All sizes except 8298-8, Clea Spring
CLASS C	01	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clea Spring
C-RESORTS	05	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clea Spring
B-HOTELS	02	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clea Spring
B-H RESORT	06	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clea Spring
CLUBS	09	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
CLASS G-1	16	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
G-1-RESORT	18	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
AIRCRAFT	14	17%	4% + 4%	4%	N/A	6% of gross + taxes	All sizes except 8298-8, Clear Spring
TRAINS	13	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
WATERCRAFT	12	. 17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
INDIAN TRIBE	96	17%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
MILITARY	95	24%	N/A	N/A	N/A	N/A	All sizes except 8298-8, Clear Spring
HOSPITAL	90	24%	4% + 4%	4%	N/A	N/A	All sizes except 8298-8, Clear Spring
BRANDY MFR	79	17%	4% + 4%	4%	1.85%	N/A	Their own products only
INDUSTRIAL MFR	86	0%	N/A	N/A	N/A	N/A	All sizes including Code 8298-8
LTD ALCOHOL BUYER	87	0%	N/A	N/A	N/A	N/A	Code 8298-8 ONLY

<sup>\*</sup> Taxes and discount are percentages of gross sales amount (Base Price)

©Sales of code 8298-8, Clear Spring Alcohol, are limited to license types 86 and 87, "Industrial Manufacturer" and "Ltd Alcohol Buyer", only.

Revised 3-6-02



Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

#### **MEMORANDUM**

DATE:

September 17, 1997

TO:

J. Lewis Cooper, TransCon

Steve Ruch, General Wine and Liquor John Baker, National Wine and Spirits Anthony Giorgio, Vintage Wine Co.

MITIC

FROM:

Nancy J. King, Director of Financial Management

SUBJECT: Checks for Purchase of Liquor

Attached for your reference are copies of portions of minutes from Liquor Control Commission meetings for the dates October 29, 1996 and November 6, 1996. I have indicated, for your convenience, sections that pertain to Commission requirements for acceptance of checks by Authorized Distribution Agents for the purchase of liquor from the State of Michigan.

Please let this letter serve as a reminder to all ADAs of the Commission Order of November 6, 1996 that is in effect. All checks, money orders, drafts, etc. for the purchase of liquor must be made payable to the State of Michigan. Specifically, the Order states: "Any form of payment, other than cash, including checks or money orders, must be made payable to the State of Michigan...". ADAs are not to accept checks which are made payable to the ADA or any other party.

Subsequent to the issuance of this letter, any checks discovered by the Liquor Commission for liquor purchases which have not been made payable to the State of Michigan will be turned over to the Enforcement Division with a request for a violation to be processed against the ADA.

Please make sure copies of this memorandum go to the appropriate accounting and operational staff in your organization.

cc: Asha Shah, MLCC Steve Cook, MLCC Carol Mattson, MLCC

Verne Drehmer, General

John Ricco, TransCon

Burt Ide, MLCC
Jeff Jones, MLCC

Randy Martin, MLCC

Rick Paladino, NWS

A:\ADA09177.WPD

State of Michigan John Engler, Governor

Department of Consumer & Industry Services Kathleen M. Wilbur, Director

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

#### BULLETIN

Date:

March 1, 1999

To:

All Authorized Distribution Agents

MIC

From:

Nancy J. King, Director of Financial Management

Subject:

License Numbers on Checks

We are having problems with licensees' checks which do not have license numbers on them. Payment instructions in the Liquor Price List (copy attached) request licensees to put their licensee number on their check. We are finding that many licensees are not doing this.

Effective immediately, please instruct your drivers to begin reviewing checks as they receive them from licensees. If the licensee has forgotten to place their licensee number on their check please have the driver remind the licensee that the license number must be written on the check before it is accepted.

Having this information will save our staff many hours in determining which licensee wrote the check in the event of problems.

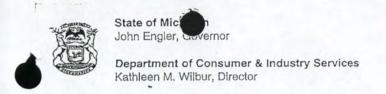
Thank you.

Attachment.

cc: Steve Robinson Steve Cook Jeff Jones Liliana Paceágiu

Bulletin # 2944-17

A:\bul030199.wpd



Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

#### **BULLETIN #2989-17**

DATE:

August 15, 2000

TO:

All Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT:

ADA Compliance with Licensee Payment Instructions

At the administrative meeting on August 3, 2000 the Michigan Liquor Control Commission approved the following Order:

"Authorized Distribution Agents (ADAs) shall accept checks from licensees in payment for liquor orders unless otherwise notified by the Commission. Electronic fund transfer (EFT) shall mean the same thing as payment by check. ADAs will be notified in writing by fax or electronically when licensees are no longer allowed to write checks or pay by EFT, when licensees are returned to check writing or EFT privileges, and when licensees are suspended from purchasing liquor. ADAs may be notified by telephone in addition to the written/electronic means for licensees who need more immediate attention. When ADAs are notified by the Commission that licensees are on a stop purchase, cash only, or reinstate to check basis, the ADA shall make the change in their ordering system as soon as practicable but not later than 5:00 p.m. that day. Telephone instructions are to be carried out immediately. Failure to comply with the provisions of this Order may subject ADAs to the penalties of Section 903 of the Liquor Control Code, MCL 436.1903."

Please contact the Financial Management Division with any questions you may have.

A:\bul081500.wpd

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

#### **BULLETIN #2985-17**

DATE:

May 9, 2000

TO:

All Authorized Distribution Agents

FROM:

Michigan Liquor Control Commission

SUBJECT: Licensee Signature Sheet for Liquor Purchases

At their meeting on May 2, 2000 the Michigan Liquor Control Commission approved the following Order regarding licensee signature sheets for liquor purchases. "Effective June 1, 2000, Authorized Distribution Agents shall use a signature sheet for merchandise invoiced and delivered or picked up by licensees; further, the signature sheet shall be in a format which is acceptable to the Commission and which contains the information required by the Commission."

The signature sheet will contain the following elements of information as formatted in the attached example: Invoice Date (sales date), the title "Liquor Acceptance Signature Sheet," Page #, Route or Load #, ADA Name, ADA # (3 digit), Stop number, Licensee #, Licensee Name, Invoice #, printed invoice Amount, Final invoice Amount and licensee Signature. All items except the final invoice amount and signature may be preprinted by the ADA.

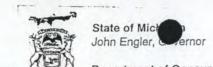
The signature sheet must be done in portrait format. No less than 35 signature lines, less any Total lines ADAs may wish to use, may appear on a page. ADAs may add other items of information to the sheet with the approval of the MLCC. ADAs may not mix invoices for distilled spirits with invoices for other products on the MLCC signature sheet.

If ADAs would like to have a copy of the signature sheets for the products they deliver after microfiching, please contact the Finance Division. The cost per fiche card copy is about 17¢ per card. Each card contains up to 200 documents.

Please have your staff sort the sheets before sending to the Commission. Sheets should be sorted by date, route number for all sheets used in a week, and sent to the MLCC Data Management unit, attention Pam Wilson. We would like to thank the ADAs for working with us on this to develop it. Please inform the appropriate staff in your organization so the process can begin on June 1.

Attachment.

A:\bul050900.wpd



Department of Consumer & Industry Services Kathleen M. Wilbur, Director

Bulletin 3016 - 17

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

DATE:

February 5, 2001

TO:

Authorized Distribution Agents, Executive Staff

FROM:

Michigan Liquor Control Commission

SUBJECT: Liquor Acceptance Signature Sheets

To help better account for all of a day's invoices on the Liquor Acceptance Signature Sheets we are requiring that you make the following changes to the procedure for submitting the sheets and to the format of the form itself.

First, no specific time limit was ever set for the submission of a day's signature sheets. This has led to a situation where sheets may not be submitted for weeks, or, in some cases, even months. It is for this reason that the Commission, on January 30, 2001. amended its Order of May 2, 2000 regarding signature sheets to read as follows:

"Effective February 5, 2001 Authorized Distribution Agents shall use a signature sheet for merchandise invoiced and delivered or picked up by licensees; further, the signature sheet shall be in a format which is acceptable to the Commission and which contains the information required by the Commission, and that these signature sheets be sent to the Commission's Financial Management Division, Data Management Section no later than five business days subsequent to the invoice date to which they pertain."

Failure to submit these on time will result in a report to the Enforcement Division of a violation of accounting procedures.

Second, we are requiring that you add, by February 5, 2001, a column on the left side of the sheet that numbers the invoice lines on the sheet sequentially, in ascending order, starting with number one. Each page will be separately numbered, starting with the first invoice line on the page and ending with the last line on the page. This will better enable us to tally each day's invoices and determine if they have all been submitted. Other information you may wish to add, such as page totals or licensee name, is optional. See the attached example.

We would like to remind ADAs that each invoice line on a signature sheet must have the licensee's signature, or a statement from the driver that the licensee refused to sign. Also, sheets are to be sorted by day (invoice date), and by route number within each day before they are submitted to us.

Thank you in advance for your cooperation in this matter. If you have any questions please contact Pam Wilson at 517.322.6172.

Attachment.

#### **Liquor Acceptance Signature Sheet**

Invoice Date					Page #
Route #		<del></del>			ADA #
Sequence	Stop	Invoice #	Amount	Final <u>Amount</u>	Signature
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### STATE OF MICHIGAN



## DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

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In the matter of the Signature Sheets Procedures for:	)
Michigan Authorized Distribution Agents	;
	;

At the December 15, 2015 meeting of the Michigan Liquor Control Commission in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman Teri L. Quimby, Commissioner

## ADMINISTRATIVE ORDER NO. 2015-05 LIQUOR ACCEPTANCE SIGNATURE SHEETS PROCEDURES

Article IV, Section 40, of the Constitution of Michigan (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 Michigan Liquor Control Commission receives Liquor Acceptance Signature Sheets for retail liquor purchases from Authorized Distribution Agents as ordered in the Administrative Order of May 2, 2000; Bulletin 2985-17 dated May 9, 2000; the Administrative Order of January 30, 2001; and Bulletin 3016-17 dated February 5, 2001.

Referencing TTB regulations at 27 CFR Part 31, the Commission finds that the Michigan Liquor Control Commission is not required to maintain licensee signature

Authorized Distribution Agents Page 2

sheets for liquor purchases. Further, the Commission finds that this is also not a statutory or administrative rule requirement.

After review and discussion of the issue at the meeting, the Commission finds that any bulletins or orders requiring such signatures be rescinded.

#### THEREFORE, IT IS ORDERED THAT:

- A. Bulletin 2985-17, Licensee Signature Sheet for Liquor Purchases, dated May 9, 2000, and the Administrative Order of May 2, 2000 are hereby RESCINDED effective immediately.
- B. Bulletin 3016-17, Liquor Acceptance Signature Sheets, dated February 5, 2001, and the Administrative Order of January 30, 2001 are hereby RESCINDED effective immediately.
- C. Any and all other previous orders, bulletins, policies, and directives issued by the Commission regarding the Liquor Acceptance Signature Sheets Procedures are hereby RESCINDED effective immediately.

MICHIGAN LIQUOR CONTROL COMMISSION

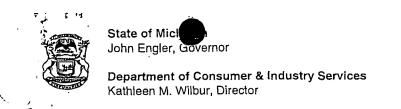
Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner

Veri R. Quimby

Date Mailed: 12-15-15

pdh



iquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

#### **BULLETIN** 2968 - 17

DATE:

November 10, 1999

TO:

All Authorized Distribution Agents

FROM:

Nancy J. King, Director MIC

Financial Management Division

**SUBJECT:** Electronic Fund Transfer - ADA Requirements

At its meeting of November 2, 1999 the Michigan Liquor Control Commission issued the following order:

"MOVED BY COMMISSIONER KECK, SUPPORTED BY COMMISSIONER PODOLSKY, AND CARRIED, that Commission Order of November 4, 1998 regarding requirements for ADAs to accept EFT payments from licensees for liquor purchases be rescinded and replaced with the following procedure:

- 1. ADAs must make the EFT method of payment available to any liquor licensee who desires it.
- 2. ADAs must process participating licensees' EFT payments through the MLCC EFT program.
- 3. ADAs must indicate "Payment by EFT" in a conspicuous manner and in a conspicuous place on the invoices of participating licensees. Truck drivers will use this information as their payment instructions.
- 4. ADAs must prepare an electronic file for EFT billing for the State, and must use the prescribed State format for preparing billing files.
- 5. ADAs must transmit the daily EFT billing file to the State in the manner prescribed by the State. The State must receive these files no later than 10:00 p.m. on the evening of the next business day after delivery or the next business day after the driver completes the route. If an ADA experiences technical or other processing problems which prohibit the ADA from meeting this time constraint, the ADA must notify the State that no file will be forthcoming.
- 6. By mutual written agreement of the individual ADA and the State, same day adjustments on EFT customer invoices are not required to be made. If the ADA chooses not to make same day adjustments, EFT invoices must contain a written notification to the driver not to change the invoice. All credits and charges from

adjustments found at the time of delivery for EFT customers under a "no same day adjustment" alternative must then be processed on the next eligible invoice in accordance with established procedures for processing prior day adjustments.

- . 7. ADAs may not commingle multiple days' activity in one billing file. A single billing file shall contain the EFT invoices for a single day. Multiple billing files must only be sent when transmission problems or holidays occur. Each ADA must submit a listing of their holidays to the State each year by December 1 for the following calendar year.
- 8. At no time may ADAs have State of Michigan funds deposited in ADA bank accounts, or in a non-State of Michigan bank account.
- 9. ADAs will put licensees who have tendered EFT Returns on Stop Purchase status the same day as they receive notification from the State of Michigan. No ADA shall deliver liquor orders to a licensee who has been put on Stop Purchase status by the State of Michigan.
- 10. ADAs must indicate licensee payment type by either entering "EFT" for payment by electronic funds transfer in the designated field of the "Licensee Total Record" of the Adjusted Daily Invoice File, or by leaving the field blank for payment by other means.
- 11. ADAs must indicate the sum total of all EFT payments in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- 12. ADAs must indicate the sum total of all non-EFT payments in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- 13. ADAs must indicate the total of all payments for the day in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- 14. On the Adjusted Daily Invoice File hard copy "Total" page sent to the MLCC with the daily recap of cash and sales, ADAs must show a breakdown between sales for cash and EFT sales. This breakdown must also be reflected on the day's recap. All dollar amounts must match.
- 15. ADAs must use the latest revision (3/99 or later) of the Daily Recap of Cash and Sales to report EFT collections along with deposited collections for a day's business.

Bulletin November 10, 1999 Page 3

16. All ADAs, and the Commission, will comply with all applicable Automated Clearing House rules and regulations.

If you have any questions regarding this matter please contact Jeff Jones at 517.322.1227.

cc: Steve Robinson Jeff Jones Chris Volz Liliana Paceagiu Deborah Lange

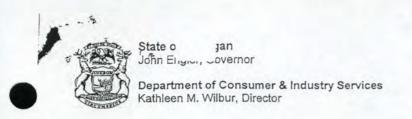
# MICHIGAN LIQUOR CONTROL COMMISSION ELECTRONIC FUND TRANSFER (EFT) PAYMENT PROGRAM

#### Authorized Distribution Agent Eft Requirements

- I. ADAs must make the EFT method of payment available to any liquor licensee who desires it.
- II. ADAs must process participating licensees' EFT payments through the MLCC EFT program.
- III. ADAs must indicate "Payment by EFT" in a conspicuous manner and in a conspicuous place on the invoices of participating licensees. Truck drivers will use this information as their payment instructions.
- IV. ADAs must prepare an electronic file for EFT billing for the State, and must use the prescribed State format for preparing billing files (exhibit 7).
- V. ADAs must transmit the daily EFT billing file to the State in the manner prescribed by the State. The State must receive these files no later than 10:00 p.m. on the evening of the next business day after delivery or the next business day after the driver completes the route. If an ADA experiences technical or other processing problems which prohibit the ADA from meeting this time constraint, the ADA must notify the State that no file will be forthcoming. FTP to TP +18.149.39.5
  VI. By mutual written agreement of the individual ADA and the State, same day adjustments
- VI. By mutual written agreement of the individual ADA and the State, same day adjustments on EFT customer invoices are not required to be made. If the ADA chooses not to make same day adjustments, EFT invoices must contain a written notification to the driver not to change the invoice. All credits and charges from adjustments found at the time of delivery for EFT customers under a "no same day adjustment" alternative must then be processed on the next eligible invoice in accordance with established procedures for processing prior day adjustments.
- VII. ADAs may not commingle multiple days' activity in one billing file. A single billing file shall contain the EFT invoices for a single day. Multiple billing files must only be sent when transmission problems or holidays occur. Each ADA must submit a listing of their holidays to the State each year by December 1 for the following calendar year.
- VIII. At no time may ADAs have State of Michigan funds deposited in ADA bank accounts, or in a non-State of Michigan bank account.

- IX. ADAs will put licensees who have tendered EFT Returns on Stop Purchase status the same day as they receive notification from the State of Michigan. No ADA shall deliver liquor orders to a licensee who has been put on Stop Purchase status by the State of Michigan.
- X. ADAs must indicate licensee payment type by either entering "EFT" for payment by electronic funds transfer in the designated field of the "Licensee Total Record" of the Adjusted Daily Invoice File, or by leaving the field blank for payment by other means.
- XI. ADAs must indicate the sum total of all EFT payments in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- XII. ADAs must indicate the sum total of all non-EFT payments in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- XIII. ADAs must indicate the total of all payments for the day in the designated field of the "Grand Total Record" of the Adjusted Daily Invoice File.
- XIV. On the Adjusted Daily Invoice File hard copy "Total" page sent to the MLCC with the daily recap of cash and sales, ADAs must show a breakdown between sales for cash and EFT sales. This breakdown must also be reflected on the day's recap. All dollar amounts must match.
- XV. ADAs must use the latest revision (3/99 or later) of the Daily Recap of Cash and Sales to report EFT collections along with deposited collections for a day's business.
- **XVI.** All ADAs, and the Commission, will comply with all applicable Automated Clearing House rules and regulations.

RECORD DESCRIPTION											
FILE NAME	: AdaBu	sID.MN	MDD (EX: 1311	97.101 <sup>-</sup>	1)	DATA N	AME:				PAGE: 1 OF 1
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FILE TYPE	<u> </u>			HEADE	ER ID	:			SEQUENCE:		,
RECORD S	IZE: 51		BLOCKING FACTOR	₹:	BLC	OCK SIZE	:	FORMAT:		LAE	BEL:
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21	26	Liquo	r License Number					9(6)			6
27	28	Liquo	r License Type					9(2)			2
29	38	ADA	Bus ID See	Note 2.				9(10)			10
39	51	Invoid	ce Amount See	Note 1.				9(13)			13
		Note	1. Amount will be ha	andled in	this	manner;					
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PREPARED	BY: Ed K	odish				DATE: 10	/11/99	] -	TOTAL CHÂRACTE	ERS:	51



Michigan uor Control Commission
7150 Harris Drive
P.O. Box 30005
Lansing, MI 48909-7505

517-322-1345

#### Bulletin #3036-17

Date:

February 14, 2002

To:

Chain Store Licensees

From:

Michigan Liquor Control Commission

Subject:

Electronic Payment Report for Chain Licensees using Electronic Fund

Transfer (EFT) for Liquor Purchases

The Liquor Control Commission announces a new, free service for Liquor EFT customers with multiple locations. The Commission is offering an electronic report which contains payment information for liquor invoices paid via Electronic Fund Transfer by location, by week.

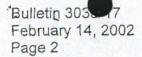
This enhancement to the Commission's EFT program came about through a partnership between state government and private industry. The goal was to create a tool to enable electronic bank reconciliation. The result was the design and implementation of the new report, which is generated and sent automatically by the Commission's EFT program.

Licensees are beginning to transact more and more of their business processes electronically, including bank reconciliation. This new report is the key to enabling our EFT chain licensees to do just that. The report allows licensees to match 3 pieces of identifying information with their bank statement. Subscribers to the report will be able to match their store location number (up to 6 digits), invoice number and invoice amount, for every liquor invoice paid by EFT.

For chain licenses who are not yet ready for electronic bank reconciliation the report is also a valuable tool in printed form, helping chain licensees speed up their bank reconciliation process.

There is no charge to our customers for this report. The report is a single format (elements contained described below), which contains all payment information a licensee might want. In order to keep the service free, the Commission will not customize report files. Unneeded fields can easily be eliminated or ignored by licensees, once they receive the report.

The Commission's report provides one side of the bank reconciliation. Chain licensees interested in performing electronic bank reconciliation must contact their bank to arrange to receive their bank statement electronically.





We hope this enhancement to our EFT program will entice more of our chains, both restaurants and stores, to sign up for our Electronic Fund Transfer program. The program, launched in February of 2000, has successfully transferred \$100 million in liquor invoice payments for liquor licensees, including a number of chains.

If you would like to sign up for the Commission's EFT program, and we hope you will, contact Liliana Paceagiu at 517.322.1382 or email at Impacea@michigan.gov. If you are already one of our EFT chain customers, and would like to subscribe to this new service, also contact Ms. Paceagiu.

Information included in the EFT Chain Store Licensee Report:

Invoice Number
Invoice Date
Authorized Distribution Agent Name
Invoice Amount
Licensee Store Number (Licensee assigned chain number, up to 6 digits)

JENNIFER M. GRANHOLM GOVERNOR



NIDA R.SAMONA CHAIRPERSON

#### **Bulletin 3068-17**

DATE:

January 14, 2004

TO:

**Authorized Distribution Agents** 

FROM:

Michigan Liquor Control Commission

SUBJECT: Ad

Administrative Order

Be advised that, at its administrative meeting of January 13, 2004, the Michigan Liquor Control Commission issued the attached Order regarding weekly stock outage reports and adopted it as a business operating procedure, effective March 1, 2004.

Copies of the meeting minutes and the Order are attached.

If you have any questions please contact Jeff Jones at 517.322.1227.

Attachments

#### **ADMINISTRATIVE**

#### MEETING OF THE

#### MICHIGAN LIQUOR CONTROL COMMISSION

Held:

Tuesday, January 13, 2004

Lansing - 10:12 a.m.

Present:

Nida R. Samona, Chairperson Pat Gagliardi, Commissioner Judith M. Allen, Commissioner

Kenneth Wozniak, Commission Aide
Julie Wendt, Director of Licensing Division
Rick Perkins. Director of Enforcement

Division

Nancy King, Director of Finance Division

Steve Robinson, Finance Division Karen Hogan, Commission Aide

The meeting was called to order by Chairperson Samona.

Steve Null, NWS Michigan, Inc., Director of Michigan Operations, entered the meeting.

MOVED BY COMMISSIONER ALLEN, SUPPORTED BY COMMISSIONER GAGLIARDI, AND UNANIMOUSLY CARRIED, that the minutes of the Commission Meeting of January 7, 2004, be approved as written and presented.

The Commission considered a proposed ADA case cost increase. After discussion, the matter was held for further consideration.

Discussion took place on a proposal to require stock outage reports by ADAs. After discussion, IT WAS MOVED BY COMMISSIONER GAGLIARDI, SUPPORTED BY COMMISSIONER ALLEN, AND UNANIMOUSLY CARRIED, that, in accordance with the provisions of Rule 436.1802(14) of the "Spirits" rules, the following instructions be adopted as a business operating procedure regarding stock outage reports:

Weekly stock outage reports shall be submitted to the Liquor Control Commission.

Stock outage information shall be accumulated on a statewide basis or

Commission Meeting Tuesday, January 13, 2004 Page 2

within the distribution area of the Authorized Distribution Agent.

All product codes scratched from orders must be reported, regardless of the number of bottles.

Actions and/or reasons for stock outages shall be reported for each product code.

Stock outage reports shall be compiled on a weekly (Monday through Friday) basis.

Weekly stock outage reports must be received by the Financial Management Division no later than Thursday of the subsequent week.

Weekly stock outage reports shall be transmitted to the Liquor Control Commission via electronic transmission or as directed by the Liquor Control Commission.

The effective date for submission of weekly stock outage reports is March 1, 2004.

Further, Mrs. King was directed to prepare a bulletin to notify authorized distribution agents of the above requirements.

Mr. Null left the meeting.

Mr. Wozniak advised the Commission that Attorney General Opinion 7146 of January 8, 2004 finds that Rule 436.1313(1) of the "Advertising" rules to the extent it prohibits illuminated advertising of alcoholic beverages by certain retail licensees inside their retail establishments violates the First Amendment to the United States Constitution and article 1, section 5, of the Michigan Constitution. He stated that Brian Devlin, Director of the Office of Regulatory Reform, has advised that amendments to the rule to conform with the ruling will not require a public hearing. After discussion, IT WAS MOVED BY CHAIRPERSON SAMONA, SUPPORTED BY COMMISSIONERS GAGLIARDI AND ALLEN, that the Commission's Order of January 7, 2004 that a public hearing be scheduled on the proposed amendments to Rule 436.1313 as requested by the Michigan Licensed Beverage Association and the Michigan Beer and Wine Wholesalers Association, be rescinded; further, that Mr. Wozniak be directed to draft proposed amendments to Rule 436.1313 to conform with the January 8, 2004 Attorney General Opinion.

Commission Meeting Tuesday, January 13, 2004 Page 3

The meeting recessed at 11:10 a.m.

Nida R. Samona Chairperson

Karen Hogan Commission Aide

#### STATE OF MICHIGAN

### DEPARTMENT OF LABOR AND ECONOMIC GROWTH LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue Highland Park, MI 48203

NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405 Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE Kentwood, MI 49512 Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant. MI 48804

#### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the following instructions are adopted as a business operating procedure regarding stock outage reports:

Weekly stock outage reports shall be submitted to the Liquor Control Commission.

Stock outage information shall be accumulated on a statewide basis or within the distribution area of the Authorized Distribution Agent.

All product codes scratched from orders must be reported, regardless of the number of bottles.

Actions and/or reasons for stock outages shall be reported for each product code.

Stock outage reports shall be compiled on a weekly (Monday through Friday) basis.

Weekly stock outage reports must be received by the Financial Management Division no later than Thursday of the subsequent week.

Weekly stock outage reports shall be transmitted to the Liquor Control Commission via el-	ectronic
transmission or as directed by the Liquor Control Commission.	

The effective date for submission of weekly stock outage reports is March 1, 2004.

Nida R. S	amona,	, Chair	person		
			•		
Pat Gagli	ardi, Co	mmiss	ioner	<u>·</u>	
	-				
ludith M					

January 13, 2004

JENNIFER M. GRANHOLM GOVERNOR



NIDA R.SAMONA CHAIRPERSON

#### **Bulletin 3083-17**

Date:

December 16, 2004

To:

All Authorized Distribution Agents

From:

Michigan Liquor Control Commission

Subject:

Commission Order – Returns of Entire Inventory by Licensees

At its administrative meeting on 12-14-2004 the Michigan Liquor Control Commission adopted the attached Business Operating Procedure, which amends the March 13, 2002 Business Operating Procedure regarding the procedure to handle voluntary returns of entire liquor inventories by licensees going out of business either temporarily or permanently.

Please see that copies of this Bulletin are distributed to the appropriate people in your organizations.

If you have any questions please contact Jeff Jones at 517.322.1227 or email at jjones@michigan.gov.

Attachment

#### STATE OF MICHIGAN

### DEPARTMENT OF CONSUMER AND INDUSTRY SERVICES LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue Highland Park, MI 48203

NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405 Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE Kentwood, MI 49512 Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant, MI 48804

#### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the February 26, 1997 Commission Order regarding the return of spirit products by licensees that are suspending business, and which was adopted as a Business Operating Procedure on March 13, 2002, be amended and that the following policy for the return of spirit products by licensees that are suspending business be approved and be restated and adopted as a Business Operating Procedure:

Following is the procedure for the return of spirit products by licensees that are suspending business:

- 1. Only salable products may be accepted by Authorized Distribution Agents (ADA) and returned to state inventory.
- 2. Licensee submits a request for return of inventory to the Enforcement Division.
- 3. Commission considers request at a Licensing Meeting. If approved, the Commission Order will include a proviso that the licensee sorts the inventory by ADA.
- 4. Enforcement mails the Commission Order and Form LC-663 (Inventory of Returned Liquor) to the licensee.
- 5. Upon receiving approval from the Commission, licensee sorts inventory by ADA and completes a Form LC-663 for each ADA.
- 6. Licensee contacts subject ADAs to arrange a time for pickup by the ADA or delivery to the ADA by the licensee.
- ADAs pick up their products from licensee's establishment and returns products to state inventory or licensee returns product to ADA warehouse.
- ADAs return products to state owned inventory by including those codes and quantities in the Adjusted Daily Invoice File as adjustment type 05.

- 9. ADA verifies to Commission that products have been picked up and returned to state inventory by providing a copy of Form LC-663 which has been signed by both the licensee and the ADA and a statement which includes the reason for return, the licensee's name of business, address, license number, and the date that the returned inventory was put back to stock. These documents shall be returned to the Commission's Financial Data Management Section.
- 10. Commission pays the licensee for salable products at the current cost for that license type less 10%.

11. Commission pays the ADA the 10% withheld from the licensee's payment.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

December 14, 2004



# STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF LABOR & ECONOMIC GROWTH DAVID C. HOLLISTER, DIRECTOR

#### **Bulletin 3086-17**

Date:

June 21, 2005

To:

All Authorized Distribution Agents

From:

Michigan Liquor Control Commission

Subject:

Commission Business Operating Procedure – State Owned Inventory

At its administrative meeting on June 21, 2005 the Michigan Liquor Control Commission adopted the attached amended and restated Business Operating Procedure, which amends the September 26, 2000 Commission Order which was adopted as a Business Operating Procedure on March 13, 2002 regarding control of State Owned Inventory.

Please see that copies of this Bulletin, the June 21, 2005 Business Operating Procedure, the instructions for recoding state owned merchandise, and Form LC-3108 (Request to Recode State Owned Merchandise) are distributed to the appropriate people in your organizations.

If you have any questions please contact Jeff Jones at 517.322.1227 or email at jjones@michigan.gov.

**Attachments** 



#### STATE OF MICHIGAN

## DEPARTMENT OF LABOR AND ECONOMIC GROWTH LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc. 373 Victor Avenue
Highland Park, MI 48203

J. Lewis Cooper Co. Trans-Con, Inc. 3101 Gulley Rd., Suite I Dearborn, MI 48124-4405

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Chinese Import & Export Co. 3508 Bristol Troy, MI 48083

Fabiano Bros., Inc. 1219 N. Mission, PO Box 469 Mt. Pleasant, MI 48804

#### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the September 19, 2000 Commission Order regarding state-owned inventory which was adopted as a Business Operating Procedure on March 13, 2002, be amended and that the following policy regarding state owned inventory be approved and be restated and adopted as a Business Operating Procedure:

It is the intent of the Michigan Liquor Control Commission to have complete authority over state-owned spirits inventory at all times. Authorized Distribution Agents (ADA) must inform the MLCC of any corrections or changes that need to be made to the state's inventory records.

ADAs shall not accept supplier instructions for disposition of State of Michiganowned spirits merchandise. The Michigan Liquor Control Commission specifically prohibits the shipping of State of Michigan-owned spirits inventory out of ADA Michigan warehouses without its express permission. Any request by a supplier to have State-owned merchandise shipped out of the ADA warehouse must be forwarded to the Financial Management Division of the Commission. The Michigan Liquor Control Commission specifically prohibits the selling of one spirits code as a different spirits code. All items must be sold as the same code under which they were quoted and purchased unless the MLCC has given its express permission for such a sale on a form approved by the Commission.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

June 21, 2005

Commission Meeting Wednesday, June 8, 2005 Page 3

(Trans-Con Co.)		
Todhunter Imports	750ml Conch Republic Atocha Gold Rum	12 Bottles
(General Wine & Liquor)		
Diageo North America	200ml Smirnoff Twist of Black Cherry Pl	48 Bottles
(NWS Michigan, Inc.)	375ml Smirnoff Twist of Black Cherry Pl	24 Bottles
	1750ml TGIF's Blenders Berry Lemonade Pl	6 Bottles
·	750ml TGIF's Blenders Berry Lemonade	12 Bottles

That the following requests for promotional or special packaging approval, be approved for listing effective July 3, 2005:

COMPANY/ADA	PRODUCT	PACK SIZE
Allied Domecq Spirit (NWS Michigan, Inc.)	750ml Malibu Rainbow Pack Rum w/Cranberry Juice	6 Bottles
Heaven Hill Dist. (General Wine & Liquor)	750ml Hpnotiq w/Martini Glass	6 Bottles
Mohawk Dist. Products (NWS Michigan, Inc.)	750ml Gautier VS Cognac w/2 Snifters	6 Bottles

That the following request for deletion of product from the approved products list, be approved effective July 3, 2005:

COMPANY	PRODUCT	PACK SIZE
A Hardy USA	200ml A Hardy VS Cognac	48 Bottles

Mrs. King requested an amendment to the Commission's Order of September 19, 2000, which was adopted as a Business Operating Procedure on March 13, 2002, regarding state owned inventory. She advised that there is a problem with reporting of changes in product code numbers by Authorized Distribution Agents (ADAs). After discussion, Mrs. Hogan was directed to prepare a proposed amendment to the Business Operating Procedure to clarify that changes in product code numbers must be reported to the Commission by ADAs and approved by the Commission.

Mrs. King presented a proposal for a proposed ADA case cost increase. After discussion, it was directed that the proposal be discussed at the next Business Meeting.

#### Paceagiu, Liliana (DELEG)

From: Hamilton, Pamela (DELEG)

Sent: Monday, September 20, 2010 1:14 PM

To: Mueller, Claudia (DELEG); Paceagiu, Liliana (DELEG)

Cc: Robinson, Steve (DELEG); Czaika, Bonnie (DELEG)

Subject: Bulletin 3086-17

Hi Claudia,

Just to let you know that I discussed the above bulletin with Steve. This is the bulletin you gave to me and were questioning its validity as you'd never been instructed to do anything with it. I emailed the ADAs that this bulletin is still in effect and cc'd you. As an ADA sends in the form (either emailed to you or Liliana or faxed), please verify the code numbers involved, that the prices of the old codes and new codes are the same or that the new codes are higher-priced, and the date upon which the ADA wants to start selling products under the new code numbers. If, upon verification, you approve the request, please notify the ADA that it can begin selling the products under the new codes effective upon the ADA's requested date. Also, please move State inventory from the old code to the new code for all codes requested. If, upon verification, you deny the request, please notify the ADA that its products must continue to be sold under the old codes. Any questions, please see me.

Thanks.

Pam

INTER

### FINANCIAL MANAGEMENT

**OFFICE** 

MICHIGAN LIQUOR CONTROL COMMISSION

Date:

June 3, 2005

To:

Nida Samona, Chairperson, Judy Allen, Commissioner, Pat Gagliardi,

Commissioner

NJK

From:

Nancy J. King, Director of Financial Management

Subject:

Request for Business Operating Procedure

Attached is a procedure we think is needed to encourage Authorized Distribution Agents (ADAs) to report to us changes in product code numbers. There was a Commission Order dated September 19, 2000 (Bulletin 2993-17 attached for reference) issued to alleviate the problem. It states, in essence, that ADAs cannot do anything with State owned merchandise without express permission from the Commission.

There is no formal procedure for steps to take, although we have discussed this matter in meetings with the ADAs. We believe that this further step of a formal procedure is necessary to try to keep appropriate controls on State owned inventory. This is a fairly simple and straightforward procedure, but one we felt was necessary to put in writing. We believe this will help the Authorized Distribution Agents.

Please let me know if you have any questions.

Attachment.

cc: Steve Robinson Jeff Jones

Liquor Control Commission 7150 Harris Drive P.O. Box 30005 Lansing, Michigan 48909-7505 (517) 322-1345

Department of Consumer & Industry Services Kathleen M. Wilbur, Director

#### BULLETIN #2993-17

DATE:

September 28, 2000

TO:

Authorized Distribution Agents, Vendors, Vendor Representatives

and Executive Staff

FROM:

Michigan Liquor Control Commission

SUBJECT:

Authority over State of Michigan Owned Merchandise

At the administrative meeting on September 19, 2000 the Michigan Liquor Control Commission approved the following Order.

It is the intent of the Michigan Liquor Control Commission to have complete authority over State-owned spirits inventory at all times. ADAs must inform the MLCC of any corrections or changes that need to be made to the State's inventory records.

ADAs shall not accept supplier instructions for disposition of State of Michiganowned spirits merchandise. The Michigan Liquor Control Commission specifically prohibits the shipping of State of Michigan-owned spirits inventory out of ADA Michigan warehouses without its express permission. Any request by a supplier to have State-owned merchandise shipped out of the ADA warehouse must be forwarded to the Financial Management Division of the Commission.

The Michigan Liquor Control Commission specifically prohibits the selling of one spirits code as a different spirits code. All items must be sold as the same code under which they were quoted and purchased unless the MLCC has given its express permission for such a sale.

If you have any questions, call the Financial Management Division at 517.322.1382.

#### Procedure for Recoding State Owned

#### Merchandise

Periodically, for customary and usual commercial reasons, Liquor Suppliers request Authorized Distribution Agents (ADAs) to sell value added merchandise or other products under a different code number. The Michigan Liquor Control Commission (MLCC) is not concerned with this as long as State Owned merchandise is not involved. If the State owns some or all of the merchandise, however, the Commission has ordered that the following Business Operating Procedure be adhered to.

The process starts with the decision being made by the Supplier that existing stock of an item should be sold under a different code number, such as a value added product sold as a regular stock item.

Per Commission Order of September 26, 2000 (see Bulletin #2993-17, attached) all spirit codes must be sold at the same code under which they were quoted and purchased unless the MLCC has approved otherwise. Accordingly, the ADA and/or Supplier must request in writing permission to switch code numbers on any State Owned merchandise. This is to be done by submitting the attached form to the MLCC Financial Management Division stating the reason for the change, the code number to be changed, the code to which it is to be switched, and the brand and descriptions.

Financial Management Division staff will receive the request and verify the following:

Code numbers of the products involved.

That the prices of the two items are the same or that the "new code" product is higher priced.

The date upon which the ADA wants to start selling the product under the new code number.

If all of the information is correct, staff will approve the request and notify the ADA that they can begin selling the merchandise under the new code number effective upon their requested date.

If the request is denied, staff will notify the ADA that the merchandise must continue to be sold under the old code number.

Attached is a request form for your use in this process. Please feel free to photocopy it as needed.

Alternatively, this form is available as a Microsoft Word document on the MLCC Web page at

http://www.michioan.gov/dleg > Liquor Control > Forms > Financial Management > Request to Recode Mdse.

This Word document can be completed and sent as an email attachment to <a href="mailto:cmuell@michigan.gov">cmuell@michigan.gov</a>, with a copy to <a href="mailto:lmpacea@michigan.gov">lmpacea@michigan.gov</a>.

Hard copy requests can be faxed to 517.322.6943 or mailed to

Michigan Liquor Control Commission Financial Management Division 7150 Harris Drive P.O. Box 30005 Lansing, Mi. 488909 Attn: Data Management

If you have any questions please contact the Financial Management Division Helpline at 1.800.701.0513.

## Department of Labor & Economic Growth Liquor Control Commission

# Request to Recode State Owned Merchandise

ADA Name		ADA Number			
Old Code #	Description	<u>Notes</u>	New Code #	Description	
	<i>y</i> ———				
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Reason for Cha	anges:				
	ective Date				
Signed		Title		Date	
MLCC Use On	ly:				
Approved Y_		Date	·		
Date ADA Notin	fied				
LC-3108 (Rev. 06/05)					

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

## Department of Labor & Economic Growth Liquor Control Commission

# Request to Recode State Owned Merchandise

ADA Name	<u>:</u> :	<u>.</u>	ADA Numb	er
.·				
Old Code#	Description	<u>Notes</u>	New Code #	Description
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Reason for Cha	nges:		·	
Requested Effec	ctive Date	·		
Signed		Title		)ate
MLCC Use Only	y:			
Approved Y	N	Date	<del></del>	•
Date ADA Notifi	ed	<del></del> .	×.	
LC-3108 (Rev. 06/05)		•	• •	

The Department of Labor & Economic Growth will not discriminate against any individual or group because of race, sex, religion, age, national origin, color, marital status, disability or political beliefs. If you need assistance with reading, writing, hearing, etc., under the Americans with Disabilities Act, you may make your needs known to this agency.

JENNIFER M. GRANHOLM GOVERNOR NIDA R. SAMONA CHAIRPERSON

# STATE OF MICHIGAN LIQUOR CONTROL COMMISSION DEPARTMENT OF LABOR & ECONOMIC GROWTH DAVID C. HOLLISTER, DIRECTOR

#### Bulletin #3092-17

Date:

November 21, 2005

To:

**ADAs** 

From:

Nida R. Samona, Chairperson

Subject:

Liquor Invoices

In March of this year GWL staff demonstrated some enhancements they made to their system. Among other features, images of signed invoices are available for viewing on the Internet. At that time MLCC staff expressed enthusiastic approval and praise, and asked other ADAs to consider making this enhancement to their systems.

We have not heard about the progress of this project. Such an enhancement is a natural evolution to invoicing systems. Many sellers now offer this kind of information to buyers via the Internet. It has always been the vision of the ADA system would continue to evolve with technological enhancements such as the shared Online Liquor Ordering system. We continue to make enhancements to the system and that will not change.

Financial Management staff expect to be meeting with ADA after the first of the year to seriously discuss the invoicing project and other matters of interest.

I will be monitoring the progress of this project and will expect feasibility statements for the invoice project as a result of the next meeting.

Cc: Nancy King, Steve Robinson, Jeff Jones

JENNIFER M. GRANHOLM GOVERNOR



NIDA R. SAMONA CHAIRPERSON

#### **Bulletin 3101-17**

Date:

April 26, 2006

To:

Vendors, Vendor Representatives, Authorized Distribution Agents

From:

Michigan Liquor Control Commission

Subject:

ADA Case Cost Increase

The Michigan Liquor Control Commission, at its administrative meeting of April 25, 2006, issued the following Order:

"It is the Order of the Commission that pursuant to MCL436.1205 (13), effective April 30, 2006, the Commission shall pay a vendor of spirits, in addition to the purchase price of the spirits, an amount of \$6.97 for each case of spirits purchased as an offset to the costs being incurred by that vendor of spirits in contracting with an Authorized Distribution Agent for the warehousing and delivery of spirits to retail licensees, and that due to changes in the pricing structure of liquor in effect in Michigan at the time of privatization a total of \$8.32 per case purchased by the Commission will be realized by the vendor of spirits; further, that the vendors of spirits shall continue to pay at least an additional \$1.35 above the per case offset established by the Commission, and that a total of at least \$8.32 per case purchased by the Commission shall be paid to the Authorized Distribution Agents by the vendors of spirits for warehousing and delivery services.

Also, it is the Order of the Commission, that vendors of spirits shall amend each of their Authorized Distribution Agent contracts to reflect that a minimum payment of \$8.32 per case shall be paid by the vendor of spirits to the Authorized Distribution Agent for warehousing and delivery services; it is the further Order of the Commission that vendors of spirits shall have until July 15, 2006 to submit to the Commission an acceptable executed amendment to their Authorized Distribution Agent contract; further, failure to submit amended Authorized Distribution Agent contracts reflecting a minimum payment of \$8.32 per case by July 15, 2006 shall result in delisting of that vendor of spirits' products effective October 29, 2006.

Further, it is the Order of the Commission that pursuant to MCL 436.1205(13), an additional Authorized Distribution Agent distribution fee payment be made to all vendors of spirits at the rate of \$.22 per case for all cases purchased by the State of Michigan between January 29, 2006 and April 29, 2006, the Commission's Financial Management Division shall produce and

send a detailed report to each vendor of spirits; the report, by Authorized Distribution Agent, shall contain code number, quantity of cases purchased, a calculation of the amount of the payment, and a total payment amount for this period.

Additionally, it is the Order of the Commission that vendors of spirits shall pass through each additional distribution fee payment in total for each Authorized Distribution Agent for the period January 29, 2006 through April 29, 2006 from the Commission to the specified Authorized Distribution Agent within 30 days of the Commission payment; failure to make the required payment within 30 days shall result in delisting of that vendor of spirits' products effective October 29, 2006."

Please contact Steve Robinson at 517-322-1389 if you have any questions.

JENNIFER M. GRANHOLM



NIDA R. SAMONA CHAIRPERSON

#### **Bulletin No. 3115-17**

Date:

March 30, 2007

To:

**Authorized Distribution Agents** 

From:

Michigan Liquor Control Commission

Subject:

Business Operating Procedure – Payment Instructions

The Michigan Liquor Control Commission, at its administrative meeting of March 27, 2007, adopted the attached Administrative Order as a Business Operating Procedure regarding payment instructions in accordance with Rule 436.1802(14).

The March 27, 2007 Business Operating Procedure amended the February 23, 1999 Commission Order regarding payment instructions to require Authorized Distribution Agents (ADAs) to immediately inform the MLCC of thefts or hijackings of licensee orders from ADA delivery vehicles, to require ADAs to immediately inform the MLCC of any thefts of spirits from their warehouse of 10 cases or more from any single incident, and to require ADAs to make a photocopy of the driver's license of the person picking up a product order from an ADA warehouse and retain the copy for 90 days.

Attached is the Commission's March 27, 2007 Business Operating Procedure.

Please see that copies of this Bulletin and the March 27, 2007 Business Operating Procedure are distributed to the appropriate people in your organizations.

If you have any questions please contact Rick Perkins at 517-322-1370 or email at perkinsr@michigan.gov.

#### STATE OF MICHIGAN

### DEPARTMENT OF LABOR AND ECONOMIC GROWTH LIQUOR CONTROL COMMISSION

General Wine & Liquor Company, Inc.

373 Victor Avenue

Highland Park, MI 48203

NWS Michigan, Inc. 17550 Allen Road Brownstown, MI 48192

J. Lewis Cooper Co. Trans-Con, Inc.

3101 Gulley Rd., Suite I

Dearborn, MI 48124-4405

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3508 Bristol

Troy, MI 48083

Henry A. Fox Sales Company 4494 36<sup>th</sup> Street SE

Kentwood, MI 49512

Fabiano Bros., Inc. 1219 N. Mission

Mt. Pleasant, Mi 48804

#### ADMINISTRATIVE ORDER

In accordance with the provisions of R 436.1802(14), the February 23, 1999 Commission Order regarding state-owned inventory which was adopted as a Business Operating Procedure on March 13, 2002, be amended and that the following policy regarding payment instructions be approved and restated and adopted as a Business Operating Procedure:

Authorized Distribution Agents shall instruct their drivers to not accept payment without the licensee's license number on the check, money order, certified check, or cashier's check.

ADAs shall immediately inform the MLCC of thefts or hijackings of licensee orders from ADA delivery vehicles.

ADAs shall immediately inform the MLCC of any thefts of spirits from their warehouse of 10 cases or more from any single incident.

Authorized Distribution Agents shall make a photocopy of the driver's license of the person picking up a product order from an ADA warehouse and retain the copy for 90 days.

Nida R. Samona, Chairperson

Pat Gagliardi, Commissioner

Judith M. Allen, Commissioner

March 27, 2007

#### JENNIFER M. GRANHOLM GOVERNOR



NIDA R.SAMONA CHAIRPERSON

#### Bulletin 3119-17

Date:

May 8, 2007

To:

Brewers, Brewpubs, Micro-Brewers, Outstate Sellers of Beer, Manufacturers,

Wholesalers

From:

Michigan Liquor Control Commission

Subject:

Barrel Deposit and Refund

Rule 436.1629 of the Commission's "Beer" rules has been amended, effective May 11, 2007 to provide as follows:

"Rule 29. (1) A manufacturer, an outstate seller of beer, or a wholesaler of beer shall collect a barrel deposit of \$30.00 for a barrel, ½ barrel, and ¼ barrel of beer.

(2) A cash refund of \$30.00 for a barrel, ½ barrel, and ¼ barrel of beer shall be made to a licensee who has made the deposit and returned the barrels for refund."

This amendment increased the barrel deposit from \$10.00 to \$30.00. Therefore, effective May 11, 2007, retail licensees will be required to pay to the wholesaler a \$30.00 deposit on beer barrels.

Any kegs upon which a \$10.00 deposit was collected prior to May 11, 2007 and returned after that date will be allowed a \$10.00 refund.

RICK SNYDER GOVERNOR



STEVEN H. HILFINGER DIRECTOR

#### Bulletin No. 2012-03

ANDREW J. DELONEY CHAIRMAN

Date:

February 7, 2012

To:

Vendors, Vendor Representatives

From:

Michigan Liquor Control Commission

Financial Management Division

Subject:

Spirit Minimum Shelf Price Formula Change

Effective on October 1, 2012 the Michigan Liquor Control Commission (MLCC) will change the Minimum Shelf Price Calculation Formula. This change is being made to comply with Public Act 166 of 2011. This Public Act repealed the specific tax equal to 1.85% of the retail selling price of spirits sold for consumption off the premises.

To comply with the law's required October 1, 2012 effective date, the MLCC will modify it's regular schedule for the fourth quarter 2012 price change. The fourth quarter price change will occur on October 1, 2012 instead of at the end of October. The final date to submit price changes for the October 1, 2012 effective date will be July 20, 2012.

At the same time that this tax is removed, the MLCC is also going to modify the rounding methodology that the Commission uses in the Minimum Shelf Price Calculation Formula. In the new pricing formula, all rounding calculations will be made to the nearest penny. The base price calculation will no longer be rounded up to the nearest nickel and all truncations have been eliminated. These changes in the rounding methodology will provide you the ability to price your products at every possible price point.

If you have any questions, please contact the Financial Management Division at 517-322-1382.

#### STATE OF MICHIGAN



## DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

In the matter of the Instant Coupon Transaction System for Distilled Spirits As it effects: Vendors of Spirits, Vendor Representatives, Manufacturers of Spirits, Small Distillers, and Brandy Manufacturers

At the December 11, 2012 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman
Teri L. Quimby, Commissioner
Dennis Olshove, Commissioner

## ADMINISTRATIVE ORDER NO. 2012-11 INSTANT COUPON TRANSACTION SYSTEM FOR DISTILLED SPIRITS

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission 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. Further, in accordance with the provisions of MCL 436.2029(2), the Commission shall provide for a system of non-mail-in or instant coupon transactions that does not diminish the spirit

Administrative Order No. 2012-11 December 11, 2012 Page 2 of 4

product margins allocated to the state under this act by means of the issuance of an order or by adoption of a rule.

In accordance with the provisions of MCL 436.2029(2), the Liquor Control Commission approved an Administrative Order on December 1, 2010 establishing the conditions and procedures for an instant coupon transaction system for distilled spirits. Under the instant coupon transaction system Vendors of Spirits, Vendor Representatives, Manufacturers of Spirits, Small Distillers, and Brandy Manufacturers (all referred to as Vendors, hereafter) may offer consumers the opportunity to receive an instant cash refund on the purchase of distilled spirits, if the Vendor complies with all of the conditions and procedures.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved to improve the instant coupon transaction system and to better meet current marketing conditions.

#### THEREFORE, IT IS ORDERED THAT:

- A. The Administrative Order of the Commission dated December 1, 2010 is hereby RESCINDED.
- B. The following conditions and procedures for distilled spirit instant coupon transactions are APPROVED:
  - The Vendors shall retain a Third Party Agent's services to redeem all instant coupon transactions.
  - The Vendors shall only issue coupons that state a specific expiration date and specific cash refund value on the coupons.

- 3. The Vendors shall only issue coupons where the specific cash refund amount does not exceed 35% of the State of Michigan's minimum shelf price for the products purchased. The Vendors shall not issue coupons that reduce the retail price of any product below \$2.00 a bottle.
- 4. The Vendors may issue coupons that can be applied to more than one specific brand of their products. The coupons must state the specific brand or brands to which they apply.
- 5. The Vendors shall issue coupons that require the retail customer to purchase at least one bottle of distilled spirits to redeem a coupon. The Vendors may issue coupons that require the retail customer to purchase two or more bottles of distilled spirits to redeem the coupon.
- 6. The Vendors shall only issue coupons for 375 ml or larger size bottles.
- 7. The Vendors shall not issue a coupon unless the coupon states that its value cannot be doubled or increased in any manner by the Specially Designated Distributor Retail (SDD) Licensee.
- 8. The Vendor shall make every instant coupon available to all SDD Licensees that choose to offer the instant coupon, in an amount no greater than the retail licensee's inventory of the specific spirit product that is subject to the instant coupon promotion.
- 9. The Vendor shall not distribute coupons or cash refund point of sale material that states the name of an SDD Licensee, in accordance with the provisions of administrative rule R436.1319(3). SDD Licensees may display cash refund point of sale material. The Vendors shall not provide any fee or other consideration to the SDD Licensee for displaying coupons or point of sale material.

C. This Order is effective immediately.

#### MICHIGAN LIQUOR CONTROL COMMISSION

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Andrew J. Deloney, Chairman

Leri R. Quimby.

Teri L. Quimby, Commissioner

Denillohn

Dennis Olshove, Commissioner

Date: December 11, 2012

sdr

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

\* \* \* \* \*

In the matter of
MAIL-IN REBATE COUPONS

At the August 31, 2016 meeting of the Michigan Liquor Control Commission in Lansing, Michigan.

PRESENT: Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner Dennis Olshove, Commissioner

### ADMINISTRATIVE ORDER NO. 2016-03 MAIL-IN REBATE COUPONS

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 previously issued Administrative Order of October 7, 1992 providing approval to requests by Outstate Sellers of Beer, Outstate Sellers of Wine, Outstate Sellers of Mixed Spirit Drink, Vendors of Spirits, Small Wine Makers, and Brewers for permission to distribute point of sale material advertising their products which offered consumers the opportunity to receive a cash refund on the purchase of an alcoholic beverage product, specifically mail-in cash refund coupons. Administrative

Order of October 7, 1992 was approved pursuant to administrative rules R 436.1321(2) and R 436.1321(3). Administrative rule R 436.1321(3) required approval upon a written order of the Commission for advertising of alcoholic liquor on anything that had value, use, or purpose other than the actual advertising value. Administrative Order of October 7, 1992 provided blanket approval for mail-in cash refund coupons under R 436.1321(3). Administrative rules R 436.1321(2) and R 436.1321(3) were rescinded, effective December 5, 2014.

Under the provisions of MCL 436.1609(3) a manufacturer, Mixed Spirit Drink Manufacturer, Warehouser, Wholesaler, Outstate Seller of Beer, Outstate Seller of Wine, Outstate Seller of Mixed Spirit Drink, or Vendor of Spirits may provide goods and services to another licensee that were approved by the Commission under rules or orders adopted before January 1, 2014. The Commission finds that the Administrative Order of October 7, 1992 does not fall under the provisions of MCL 436.1609(3) because mail-in cash refund coupons do not constitute a good or service to be provided to another licensee inasmuch as mail-in cash refund coupons are intended to be utilized by the end consumer.

After review and discussion of the issues at the meeting, the Commission finds that the Administrative Order of October 7, 1992 should be rescinded, effective immediately, based on the rescission of administrative rules R 436.1321(2) and R 436.1321(3) on December 5, 2014 and based on the Commission's finding that the Administrative Order does not fall under the provisions of MCL 436.1609(3). Furthermore, the Commission finds that in the absence of statutory or administrative rule provisions to the contrary, a licensee does not require approval of the Commission for mail-in cash refund coupons, provided that the licensee complies with all provisions of the Michigan Liquor Control Code and administrative rules.

#### THEREFORE, IT IS ORDERED that:

A. The Administrative Order of October 7, 1992 is RESCINDED, effective immediately.

B. Any orders, bulletins, policies, directives, memoranda, or other communications regarding mail-in cash refund coupons shall be RESCINDED, effective immediately.

MICHIGAN LIQUOR CONTROL COMMISSION

Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner

Yeri R. Quimby

Dennis Olshove, Commissioner

### STATE OF MICHIGAN



## DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS LIQUOR CONTROL COMMISSION

\* \* \* \*

In the matter of the Per Case ADA Distribution Fee	
for Distilled Spirits	)
As it effects: Vendors of Spirits and	)
Authorized Distribution Agents	)
	)

At the December 20, 2012 meeting of the Michigan Liquor Control Commission (Commission) in Southfield, Michigan.

PRESENT: Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner

Dennis Olshove, Commissioner

## ADMINISTRATIVE ORDER NO. 2012-12 PER CASE AUTHORIZED DISTRIBUTION AGENT (ADA) DISTRIBUTION FEE

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission 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. Further, in accordance with the provisions of MCL 436.1205(13), the Commission may pay a Vendor of Spirits an amount of not less than \$4.50 and not more than \$7.50 for each

Administrative Order No. 2012-12 December 20, 2012 Page 2 of 4

case of spirits purchased as an offset (per case ADA distribution fee) to the costs being incurred by that Vendor of Spirits in contracting with an Authorized Distribution Agent for the warehousing and delivery of spirits to retailers.

In accordance with the provisions of MCL 436.1205(13), the Commission approved an Administrative Order on December 27, 1996 that established the State of Michigan's initial per case ADA distribution fee at \$5.67. The Administrative Order of December 27, 1996 was amended on July 16, 1997, December 14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January 20, 2004, September 7, 2005, September 27, 2005, and April 25, 2006. The last Commission approved increase, effective April 30, 2006, raised the State of Michigan's per case ADA distribution fee to \$6.97. The Commission pays the per case ADA distribution fee to the Vendors of Spirits for each case purchased, in addition to the acquisition price for the spirits. The Vendors of Spirits are required to add at least a \$1.35 to the per case ADA distribution fee and pay a total of at least \$8.32 per case to the ADAs.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved to increase the per case ADA distribution fee, and that any previous orders pertaining to the per case ADA distribution fee should be rescinded.

#### THEREFORE, IT IS ORDERED THAT:

A. The Administrative Orders of the Commission, regarding the per case ADA distribution fee, dated December 27, 1996, July 16, 1997, December 14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January 20, 2004, September 7, 2005, September 27, 2005, and April 25, 2006 are hereby RESCINDED effective December 29, 2012.

Administrative Order No. 2012-12 December 20, 2012 Page 3 of 4

- B. Effective December 30, 2012 the Commission shall pay a Vendor of Spirits, in addition to the purchased price of the spirits, an amount of \$7.50 for each case of spirits purchased as an offset to the costs being incurred by that Vendor of Spirits in contracting with an ADA for the warehousing and delivery of spirits to retail licensees.
- C. The Vendors of Spirits shall continue to add at least \$1.35 per case above the per case offset established by the Commission and shall pay the ADAs a total of at least \$8.85 per case, for each case of spirits purchased by the Commission, for warehousing and delivery services.
- D. The Vendors of Spirits shall amend each of their ADA contracts to reflect that a minimum payment \$8.85 per case shall be paid by the Vendor of Spirits to the ADA for warehousing and delivery services.
- E. The Vendors of Spirits shall submit to the Commission, by January 31, 2013, an acceptable executed amendment to their ADA contract. Failure to submit amended ADA contracts reflecting a minimum payment of \$8.85 per case by January 31, 2013 shall result in the delisting of that Vendor of Spirit's products.

MICHIGAN LIQUOR CONTROL COMMISSION
Andrew J. Deloney, Chairman
Teri I. Quimby Commissioner

Administrative Order No. 2012-12 December 20, 2012 Page 4 of 4

Dennis Olshove, Commissioner

Date: December 20, 2012

sdr

## MICHIGAN DEPARTMENT OF COMMERCE LIQUOR CONTROL COMMISSION

#### INTER-OFFICE CORRESPONDENCE

TO

Manufacturers & Wholesalers Section

RAP

April 5, 1995

FROM

Administrative Commissioners RT

SUBJECT:

**Electronic Fund Transfers** 

Licensing Division

IT IS THE ORDER OF THE COMMISSION THAT ELECTRONIC FUND TRANSFERS BETWEEN RETAIL LICENSEES AND WHOLESALE LICENSEES IS APPROVED PURSUANT TO MCL 436.16(3).

IT TO THE FURTHER ORDER OF THE COMMISSION THAT ELECTRONIC FUND TRANSFERS BETWEEN LICENSED RETAILERS AND WHOLESALERS MUST COMPLY WITH THE FOLLOWING PROVISIONS:

- 1) THE WHOLESALER SHALL INITIATE THE ELECTRONIC FUND TRANSFER TRANSMITTAL.
- 2) PARTICIPATION BY RETAIL LICENSEES SHALL BE VOLUNTARY.
- 3) THE ELECTRONIC FUND TRANSFER TRANSMITTAL TO THE BANKING INSTITUTION SHALL OCCUR NO LATER THAN THE NEXT BANKING BUSINESS DAY FROM THE DATE OF DELIVERY.
- 4) EACH PARTICIPATING RETAIL LICENSEE AND WHOLESALE LICENSEE SHALL MAINTAIN ACCURATE RECORDS PURSUANT TO THE COMMISSION'S ADMINISTRATIVE RULES.
- 5) ELECTRONIC FUND TRANSFER TO A WHOLESALER MAKING DELIVERY TO MULTIPLE LOCATIONS OF A CHAIN RETAILER ON THE SAME BUSINESS DAY MAY BE TRANSMITTED TO THE WHOLESALER AS A SINGLE ELECTRONIC FUND TRANSFER. IN ALL INSTANCES, RETAILERS AND WHOLESALERS MUST MAINTAIN STORE-BY-STORE, LINE-BY-LINE FULL DETAIL RECORDS SO THAT INDIVIDUAL DELIVERY INVOICES MAY BE TRACED TO THE ELECTRONIC FUND TRANSFER.
- 6) NON-SUFFICIENT FUND ELECTRONIC FUND TRANSFERS SHALL BE TREATED SIMILAR TO NON-SUFFICIENT FUND CHECKS. THAT IS, UPON RECEIPT OF INFORMATION THAT A RETAIL LICENSEE HAS NON-SUFFICIENT FUNDS TO COVER THE ELECTRONIC FUND TRANSFER, THE WHOLESALER SHALL IMMEDIATELY CEASE ANY FURTHER SALES/DELIVERY OF ALCOHOLIC LIQUOR TO THE RETAIL LICENSES UNTIL SUCH TIME THAT THE NON-SUFFICIENT FUND EFT HAS BEEN MADE GOOD.

MI CO LICENSING



ASSOCIATION

332 TOWNSEND STREET LANSING, MICHIGAN 48933

(517) 482-5555 FAX: (517) 482-1532 www.mbwwa.org

SPENCER NEVINS
President

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> DOUGLAS WANTY At-Large Director

February 14, 2017

Family Dollar Executive Offices - Legal Department PO Box 1017 Charlotte, NC 28201-1017

To Whom It May Concern:

It has come to our attention that Family Dollar has engaged several licensed wholesalers in Michigan regarding its desire to setup electronic fund transfer (EFT) payments for purchases of beer and wine. It is our understanding that Family Dollar is attempting to require wholesalers to use an automated clearing house (ACH) for receiving payments, whereby the wholesaler would be required to provide bank account and routing numbers to Family Dollar, so that Family Dollar could initiate the transmittal of the funds to wholesalers.

Please be advised that the enclosed Michigan Liquor Control Commission Order states that transmittals of such EFT payments must be initiated by the wholesaler. Therefore, payments in a manner proposed by Family Dollar would not comply with the Order. We have been in contact with the Director of Enforcement at the Michigan Liquor Control Commission regarding this issue, and the Director concurred with this analysis.

As such, we will be notifying our members that any payments carried out in such a manner as proposed by Family Dollar would constitute a violation of the Order. Furthermore, we request that Family Dollar modify the proposed EFT payment structure to ensure compliance with the Order.

Thank you in advance for your cooperation.

Regards,

Brett Visner, Director of Public Affairs

Enclosures: 1

CC: Tom Hagan, Director of Enforcement Michigan Liquor Control Commission MLCC LICENSING

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

In the matter of the Per Case ADA Distribution Fee for Distilled Spirits
As it effects: Vendors of Spirits and Authorized Distribution Agents

At the February 1, 2017 meeting of the Michigan Liquor Control Commission (Commission) in Lansing, Michigan.

\* \* \* \* \*

PRESENT: Andrew J. Deloney, Chairman

Teri L. Quimby, Commissioner Dennis Olshove, Commissioner

## ADMINISTRATIVE ORDER NO. 2017-01 PER CASE AUTHORIZED DISTRIBUTION AGENT (ADA) DISTRIBUTION FEE

Under Article IV, Section 40, of the Constitution of Michigan (1963), the Commission 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. Further, in accordance with the provisions of MCL 436.1205(11), the Commission may pay a Vendor of Spirits an amount of not less than \$4.50 and not more than \$8.25 for each

Administrative Order No. 2017-01 February 1, 2017 Page 2 of 4

case of spirits purchased as an offset (per case ADA distribution fee) to the costs being incurred by that Vendor of Spirits in contracting with an Authorized Distribution Agent for the warehousing and delivery of spirits to retailers.

In accordance with the provisions of MCL 436.1205, the Commission approved an Administrative Order on December 27, 1996 that established the State of Michigan's initial per case ADA distribution fee at \$5.67. The Administrative Order of December 27, 1996 was amended on July 16, 1997, December 14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January 20, 2004, September 7, 2005, September 27, 2005, April 25, 2006 and December 20, 2012. The last Commission approved increase, effective December 30, 2012, raised the State of Michigan's per case ADA distribution fee to \$7.50. The Commission pays the per case ADA distribution fee to the Vendors of Spirits for each case purchased, in addition to the acquisition price for the spirits. The Vendors of Spirits are required to add at least a \$1.35 to the per case ADA distribution fee and pay a total of at least \$8.85 per case to the ADAs.

After review and discussion of these issues at the meeting, the Commission finds that a new Administrative Order should be approved to increase the per case ADA distribution fee, and that any previous orders pertaining to the per case ADA distribution fee should be rescinded.

#### THEREFORE, IT IS ORDERED THAT:

A. The Administrative Orders of the Commission, regarding the per case
ADA distribution fee, dated December 27, 1996, July 16, 1997, December
14, 2000, January 3, 2001, December 18, 2001, January 8, 2003, January

- 20, 2004, September 7, 2005, September 27, 2005, April 25, 2006 and December 20, 2012 are hereby RESCINDED effective February 25, 2017.
- B. Effective February 26, 2017 the Commission shall pay a Vendor of Spirits, in addition to the purchased price of the spirits, an amount of \$7.75 for each case of spirits purchased as an offset to the costs being incurred by that Vendor of Spirits in contracting with an ADA for the warehousing and delivery of spirits to retail licensees.
- C. The Vendors of Spirits shall continue to add at least \$1.35 per case above the per case offset established by the Commission and shall pay the ADAs a total of at least \$9.10 per case, for each case of spirits purchased by the Commission, for warehousing and delivery services.
- D. The Vendors of Spirits shall amend each of their ADA contracts to reflect that a minimum payment \$9.10 per case shall be paid by the Vendor of Spirits to the ADA for warehousing and delivery services.
- E. The Vendors of Spirits shall submit to the Commission, by March 15, 2017, an acceptable executed amendment to their ADA contract. Failure to submit amended ADA contracts reflecting a minimum payment of \$9.10 per case by March 15, 2017 shall result in the delisting of that Vendor of Spirit's products.

MICHIGAN LIQUOR CONTROL COMMISSION

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Andrew J. Deloney, Chairman

Administrative Order No. 2017-01 February 1, 2017 Page 4 of 4

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Dennis Olshove, Commissioner

**DISSENTING:** 

Ver of Quintry.

Teri L. Quimby, Commissioner

Date: February 3, 2017

sdr