

# *BULLETIN*



Comptroller of the Treasury • Alcohol and Tobacco Tax Unit • Goldstein Treasury Building  
P.O. Box 2999 • Annapolis, Maryland 21404-2999 • Telephone: 410-260-7314

**No. AB-12**

February 24, 1997

**To:** All Wholesalers, Suppliers, Non-resident Dealers, Solicitors, and Retailers of Alcoholic Beverages, and Boards of License Commissioners

**Subject:** Alcoholic Beverages Trade Practices Violations

On July 10, 1996, after a meeting with the Bureau of Alcohol, Tobacco and Firearms, the Alcohol and Tobacco Tax Unit issued Bulletin No. AB-9 concerning alcoholic beverages trade practices. The bulletin notified licensees that the Alcohol and Tobacco Tax Unit had been informed that some licensees or their employees were violating the provisions of Article 2B of the Annotated Code of Maryland and related trade practices guidelines and regulations by offering illegal deals, discounts, or gratuities. The notice warned that any substantiated violations would result in swift and severe sanctions against the licensee and, where applicable, the solicitor permit holders of the licensee.

Since we issued that bulletin, we have substantiated a number of violations. Some violations were for providing free alcoholic beverage products to retail licensees in exchange for the retailer making certain alcoholic beverage purchases. Some of these illegal "deals" were offered and provided repeatedly with the full or implied consent of the licensee's management. Other violations involved on-premise promotional activities that violated guidelines established by the trade practices regulations, and improper pricing or invoicing of alcoholic beverages.

Licensees we have investigated have paid monetary fines ranging from \$750 to \$27,500 in lieu of a license/permit suspension or revocation. In addition to the actual supplier or wholesaler, settlements have been reached with a number of solicitor permit holders who are employed by suppliers or wholesalers. The attached chart summarizes enforcement activities between September 1996 and January 1997.

Although in these cases formal action was only taken against suppliers, wholesalers and solicitors, retail licensees who accept or receive illegal gratuities or free alcohol products are equally culpable under Section 12-104 of Article 2B, and are subject to the same license or criminal sanctions.

We will continue to vigorously enforce compliance with trade practices regulations to ensure that all licensees are treated equally under the law and regulations.

Charles W. Ehart, DPA  
Administrator  
Alcohol and Tobacco Tax Unit

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