

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

1990 JUN 25 PM 1:48

Form #2

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: ALCOHOL BEVERAGE CONTROL COMMISSIONER TITLE NUMBER: 175

RULE TYPE: LEGISLATIVE; CITE AUTHORITY W.VA. CODE § 60-2-16, 60-3A-6

AMENDMENT TO AN EXISTING RULE: YES NO (REPEAL AND REPLACEMENT)

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 1

TITLE OF RULE BEING PROPOSED: RETAIL LICENSEE OPERATIONS

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON JULY 27, 1990 AT 5:00 P.M.

ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS.

ABCC

P. O. BOX 4047

CHARLESTON, WV 25304

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.


HARRY G. CAMPER, JR.
COMMISSIONER

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Retail Licensee Operations

10/25/95 PM 1:48

Type of Rule: X Legislative Interpretive Procedural

Agency: Tax Department Address: State Capitol; Charleston, WV 25305

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$	\$	\$	\$	\$
Personal Services	-0-	-0-	-0-	-0-	-0-
Current Expense	-0-	-0-	-0-	-0-	-0-
Repairs and Alterations	-0-	-0-	-0-	-0-	-0-
Equipment	-0-	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-	-0-

2. Explanation of above estimates:

The fiscal impact of the rule should not differ from that envisioned by the Legislature when it enacted S.B. 337.

3. Objectives of these rules:

These rules provide guidance to those persons who operate a retail liquor store under the authority of West Virginia Code article 60-3A. The rule establishes the permissible activities of the licensed retailer, the relationship between the manufacturer, distributor, supplier, etc., of alcoholic liquors and the licensed retailer, the nature of permissible advertising, the transportation of alcoholic liquors, and the ordering, receiving and payment for alcoholic liquors.



State of West Virginia
Department of Tax and Revenue

JUN 25 1990 PM 1:47

GASTON CAPERTON
GOVERNOR

Charleston 25305

CHARLES O. LORENSEN
SECRETARY

CONSENT TO FILE EMERGENCY RULE

June 25, 1990

To Whom It May Concern:

Title of Rule: RETAIL LICENSEE OPERATIONS

Title Number: 175

Series Number: 1

Pursuant to West Virginia Code § 5F-2-2(a), the undersigned hereby consents to modification of the foregoing rule.

Signed this 25th day of June, 1990.

Charles O. Lorensen, Secretary
Department of Tax and Revenue

but shall not include wine with an alcohol content of fourteen percent (14%) or less by volume, nonintoxicating beer or nonintoxicating beverages.

2.4 "Alcohol Beverage Control Commissioner" or "ABCC" or "Commissioner" means the West Virginia Alcohol Beverage Control Commissioner (Administrator) or his delegate.

2.5 "Beer" means any beverage obtained by the fermentation of barley, malt, hops, or any other similar product or substitute, and containing more alcohol than that of nonintoxicating beer.

2.6 "Brewery" means an establishment where beer is manufactured or in any way prepared.

2.7 "Case Lot" means a complete case of distilled spirits.

2.8 "Department" shall mean the West Virginia Department of Tax and Revenue.

2.9 "Distilled spirits" means ethyl alcohol, ethanol or spirits, or wine, including all dilutions and mixtures thereof, from whatever source or by whatever process produced, for beverage use, and shall include, but not be limited to, neutral spirits, whiskey, brandy, rum, gin, vodka, cordials and liqueurs. Any alcoholic beverage containing more than 24% of alcohol by volume shall be deemed to be distilled spirits.

2.10 "Distillery" or "distiller" means an establishment where alcoholic liquor other than wine and beer is manufactured or in any way prepared.

2.11 "Electronic funds transfer" or "EFT" means the transfer electronically of funds from one bank account to another bank account without the necessity of a personal or business check to initiate the transaction.

2.12 "Equipment" means all functional items such as tap boxes, glassware, pouring racks, and similar items used in the conduct of a retail licensee's business.

2.13 "Federal law" means the laws and regulations of the United States and includes any court decisions interpreting such laws and regulations.

2.14 "Fortified wine" means any wine to which brandy or other alcohol has been added and includes dessert wines which are not fortified and any wine containing greater than fourteen percent (14%) alcohol by volume.

2.15 "Immediate family" means and includes, but is not necessarily limited to:

2.15.1 If the licensed retailer is other than a partnership or corporation, the licensed retailers' spouse, brother, sister, son, daughter, mother, mother-in-law, father, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, uncle, aunt or cousin;

2.15.2 If the licensed retailer is a partnership, each partners and the spouse, mother, father, brother, sister, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, uncle, aunt or cousin of each such partner;

2.15.3 If the licensed retailer is a corporation, the corporations' directors, officers and employees and the spouse, mother, father, brother, sister, son, daughter, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, uncle, aunt or cousin of each such director, officer and employee.

2.16 "Importer" means a person who brings in or carries-in goods from a foreign county for the purpose of sale of such goods in this country.

2.17 "Intoxicated" means having one's faculties impaired by alcohol or other drugs to the point where physical or mental control or both are markedly diminished.

2.18 "Licensed retailer" means the person licensed in accordance with West Virginia Code Article 60-3A to operate a retail liquor store.

2.19 "Manufacture" means to distill, rectify, ferment, brew, make, mix, concoct, process, blend, bottle or fill an original package with any alcoholic liquor.

2.20 "Manufacturer" means any person engaged in the manufacture of any alcoholic liquor, and among others includes a producer, bottler, importer, wholesaler, distributor, supplier, distiller, rectifier, winemaker or brewer.

2.21 "Mixed case" or "split case" means a single full case of alcoholic liquors which is comprised of different brand names, different spirits, different proofs, etc.

2.22 "Neutral spirits" means ethyl alcohol of 190 proof or higher used especially for blending other alcoholic liquors.

2.23 "Nonintoxicating beer" means any beverage, obtained by the fermentation of barley, malt, hops, or similar products or substitute and containing at least one half of one percent (.5%) alcohol by volume, but not more than four and two-tenths percent (4.2%) of alcohol by weight, or six percent (6%) by volume, whichever is greater.

2.24 "Original package" means any closed or sealed container or receptacle used for holding alcoholic liquor.

2.25 "Person" means any individual, partnership, joint stock company, business trust, association, corporation or other form of business enterprise, including a receiver, trustee or liquidating agent.

2.26 "Product" means alcoholic liquors whether located in the ABCC warehouse or in retail liquor stores.

2.27 "Public place" means any place, building or conveyance to which the public has, or is permitted to have access, including restaurants, soda fountains, hotel dining rooms, lobbies, and corridors of hotels and any highway, street, lane, park or place of public resort or amusement: Provided, That the term "public place" shall not mean or include any of the above-named places or any portion or portions thereof which qualify and are licensed under the provisions of West Virginia Code Chapter 60 to sell alcoholic liquors for consumption on the premises.

2.28 "Retail liquor store" means a store established and operated under the authority of West Virginia Code article 60-3A for the sale of alcoholic liquor in the original package for consumption off the premises.

2.29 "Sale" means any transfer, exchange or barter in any manner or by any means, for a consideration, and shall include all sales made by principal, proprietor, agent or employee.

2.30 "Selling" shall include solicitation or receipt of orders, possession for sale, or possession with intent to sell.

2.31 "Spirits" means any alcoholic liquor obtained by distillation and mixed with potable water and other substances in solution and includes brandy, rum, whiskey, cordials and gin.

2.32 "Wine" means any beverage obtained by the fermentation of the natural content of fruits, or other agricultural products, containing sugar, and includes, but is not limited to, still wines, champagne and other sparkling wines, carbonated wines, imitation wines, vermouth, cider, perry, sake or other product offered for sale or sold as wine containing not less than seven percent (7%) nor more than twenty-four percent (24%) alcohol by volume.

2.33 "Winery" means an establishment where wine is manufactured or in any way prepared.

§ 175-1-3. Authorized Retail Licensee Activities.

3.1 Alcoholic liquors sold at retail in West Virginia may be sold only at retail liquor stores licensed in accordance with West Virginia Code article 60-3A. While legally holding a valid retail license, the licensed retailer may, in addition to selling alcoholic liquors for consumption away from the premises of the retail liquor store, do all things common and ordinary in the operation of such an establishment: Provided, That a licensed retailer which operates more than one (1) retail liquor store within a market zone may transfer alcoholic liquors only from one such retail liquor store to another within the same market zone. Any other transfers of alcoholic liquors require prior written authorization from the ABCC.

3.1.1 A licensed retailer may sell other merchandise.

3.1.2 A licensed retailer may establish the hours during which the business is open to the public. However, alcoholic liquors, except for wine and fortified wine, may not be sold on Sundays, Christmas, or any primary or general

statewide election day, or between 10:00 p.m. and 8:00 a.m. on weekdays and Saturdays; wine may not be sold between 2:00 a.m. and 1:00 p.m. on Sundays or between 2:00 a.m. and 7:00 a.m. on weekdays and Saturdays.

3.1.3 A licensed retailer may employ whom he pleases so long as statutory prohibitions are not violated.

3.1.3.1 An employee must be at least eighteen (18) years of age in order to sell alcoholic liquors to customers.

3.1.3.2 An employee must be at least twenty-one (21) years of age to take delivery of alcoholic liquor at the ABCC warehouse.

3.1.3.3 All employees must be at least sixteen (16) years of age to work in a retail liquor store so long as the Commissioner has provided prior approval to employ such persons. The Commissioner's approval must be requested in the initial application or annual license renewal forms and such approval will not be unreasonably withheld.

3.1.3.4 The authorization to employ persons under eighteen (18) years of age must be clearly stated on the retail liquor license.

3.1.3.5 The age restrictions in this Section 175-1-3 apply to the minor children of the licensee.

3.1.4 A licensed retailer may purchase any equipment deemed necessary to the operation of the retail liquor store and in so doing may enter into appropriate contracts and financing agreements; however, a creditor, when foreclosing on the assets of a licensed retailer, is required to sell the inventory of alcoholic liquors to the ABCC.

3.1.4.1 The creditor will be paid the price the retail liquor store paid to the ABCC when purchasing the respective inventory items. If that price cannot be determined, the price to be paid will be the price found on the most recent invoice from the ABCC to the licensee containing the particular product. If neither purchase price can be determined, the current wholesale price will be used.

3.1.4.2 The creditor will be required to pay the shipping and handling charge of \$1.05 per case sold to the ABCC.

3.2 Licensed retailers are required to purchase all distilled spirits and fortified wines through the Alcohol Beverage Control Commissioner. However, nonintoxicating beer, wine other than fortified wine, and other alcoholic liquors which are not distilled spirits may be purchased through wholesalers authorized to do business within this State.

3.3 Licensed retailers may sell only alcoholic liquors which have been purchased from the Alcohol Beverage Control Commissioner and wine other than fortified wine which was purchased from licensed distributors and licensed farm wineries. Any violation of this Section 3.3 may result in the suspension or revocation of the retail licensee's license.

3.3.1 Every licensed retailer shall maintain records of all purchases, sales, receipts, and other pertinent papers required by the Commissioner. All such records shall be preserved for at least four (4) years. The Commissioner may inspect the books, accounts and records of any licensed retailer relating to the purchase and sale of any alcoholic liquors and examine, under oath, any officer, agent or employee of any licensed retailer. The Commissioner may require the production, within this State at the time and place he may designate, of any books, accounts, papers or records kept within or without the State, or verified copies in lieu thereof, in order that an examination thereof may be made by the Commissioner.

3.3.2 Every retail licensee must keep a record in book form showing the date of all alcoholic liquors, wine and beer received on his premises, and from whom received.

3.3.2.1 Every retail licensee shall also maintain records showing the merchandise code and quantity for each sale to a religious organization or to a private club as defined in West Virginia Code article 60-7.

3.3.2.1.a In the case of sales to a private club, the club must be identified by name, address and ABCC license number, and the full name of the person receiving the order must be clearly listed.

3.3.2.2 Records required to be maintained by this Section 23 shall not be destroyed, erased or altered for at least four (4) complete calendar years or until the year the retail licensee is audited and accepted by the Department of Tax and Revenue.

3.4 Each retail licensee shall post in an open and prominent place within each retail outlet operated by such person a blood-alcohol chart in the form prescribed by West Virginia Code § 60-6-24.

3.5 The following acts are prohibited from occurring at a retail liquor store.

3.5.1 The sale of more than ten (10) gallons of alcoholic liquor to a person at one time without approval of the Commissioner, except that:

3.5.1.1 A religious organization may purchase more than ten (10) gallons of wine for sacramental purposes; and,

3.5.1.2 This prohibition does not apply to purchases of private clubs as defined in West Virginia Code article 60-7.

3.5.2 The sale of or offer to sell any alcoholic liquor in other than the original package or container.

3.5.3 The sale or gift, or to permit the sale or gift, or the procurement of any alcoholic liquor for or to any person under age 21 or who is visibly intoxicated.

3.5.4 The consumption of any alcoholic liquors on the premises by any person.

3.5.5 The alteration, change or misrepresentation of the quality, quantity or brand name of any alcoholic liquor.

3.5.6 Permitting any person under age 18 to sell, furnish or give alcoholic liquor to any other person.

3.5.7 Purchasing or otherwise obtaining alcoholic liquors in any manner other than that authorized in West Virginia Code article 60-3A.

3.5.8 Permitting any person to break the seal on any package or bottle of alcoholic liquor.

§ 175-1-4. Ordering, Receiving and Paying.

4.1 Each retail liquor store is subject to the following procedures.

4.2 The ABCC on a quarterly basis will provide each retail liquor store with the "Wholesale Spirits Catalog." Effective dates of the spirits catalog will be February 1, May 1, August 1 and November 1 and will include all price changes imposed by distillers, importers, suppliers, and others. Price changes may occur no more often than four (4) times per twelve (12) month period. Distillers, importers, suppliers and others are hereby required to provide such price increases at least sixty (60) days prior to the commencement of the next quarter. Failure to provide such advance notice may result in the delisting of certain or all of the products of the distiller, importer, supplier or purveyor of alcoholic liquors. The updated copy of the spirits catalog will be provided approximately two weeks in advance of each effective date.

4.2.1 The Wholesale Spirits Catalog contains all alcoholic liquor products normally available from the ABCC in addition to complete product information and pricing structure. Following is a line by line explanation of the spirits catalog.

4.2.1.1 "Class Code." This line indicates the type of product in the respective listing; i.e., "bottled-in bond." Products are listed alphabetically and by ascending size within their respective class.

4.2.1.2 Column 1 - "Brand Name." An abbreviated sixteen (16) character description of the distilled spirit.

4.2.1.3 Column 2 - "Unit Size." The product bottle size is listed in metric measurement.

Metric Conversion Table

<u>Metric Size</u>	<u>Converted to Ounces</u>
.50 ml	1.7 oz.
.200 ml	6.8 oz.
.375 ml	12.7 oz.
.500 ml	16.9 oz.
.750 ml	25.4 oz.
1 Liter	33.8 oz.

1.75 Liter 59.2 oz.

4.2.1.4 Column 3 - "Proof." Indicates the alcoholic proof of the product.

4.2.1.5 Column 4 - "Case Pack." Indicates the number of bottles in a full case.

4.2.1.6 Column 5 - "Merchandise Code." This is the code number which identifies the product and is to be used when ordering from ABCC. The number can range from one (1) to four (4) digits in length.

4.2.1.7 Column 6 - "Case Price Wholesale." The wholesale price charged for a full case.

4.2.1.8 Column 7 - "Unit Price Wholesale." The wholesale price charged for an individual bottle purchased from our split case warehouse.

4.2.1.8.a Some spirit products listed in the Wholesale Spirits Catalog may be available in less than full case quantities.

4.2.1.8.b Mixed case orders will be available only in standard-shape .750 ml bottles and one (1) liter bottles. Codes for mixed case orders must always be in multiples of three (3) bottles.

4.2.1.8.c There is an additional charge of three dollars (\$3.00) for each mixed case.

4.2.1.8.d When ordering mixed cases, enough bottles of like size must be ordered to equal the case pack for that size bottle, i.e., twelve (12) .750 ml bottles, etc.

4.2.2 Any mischarges due to an error in a spirits catalog will be adjusted accordingly at the earliest possible date after discovery of same.

4.3 Special order spirits.

4.3.1 Not all brands or spirit sizes are physically stocked at the ABCC warehouse. Those brands or sizes must be ordered through the Special Order Program. Any spirit product ordered through the Special Order Program must be ordered in case lots only.

4.3.2 The "Special Order" form as developed and provided by the ABCC must be used to order non-listed alcoholic liquors.

4.3.3 A Uniform Special Order Fee not exceeding ten dollars (\$10.00) per case will be charged for each case specially ordered.

4.3.4 When the Special Order is received at the ABCC warehouse, the order will be automatically added to the retail liquor stores next order. The Special Order dollar amount including service and handling charges will be included in the dollar total provided to the retail liquor store when it accepts

delivery of the regular order in which the special order is included for delivery.

4.3.5 There will be no refunds or return on any Special Order product unless the product is deemed to be unsalable by ABCC.

4.4 Official Notice of Price Change.

4.4.1 ABCC's spirit suppliers are authorized to adjust product prices on a quarterly interval as quarters are defined by Section 4.2 of these regulations. Retail liquor stores will be notified of wholesale price changes by use of an "Official Notice of Price Change." Price change notices generally will be provided to the licensed retailer two (2) weeks in advance of the change. Official Notice of Price Change will be provided, regardless of whether the change is permanent or temporary.

4.4.2 The price change sheet will contain the code number and corresponding product that is changing price, the old wholesale price, new wholesale price and the effective date of the change. Any product ordered on the date of a price change, and any date thereafter, will be invoiced at the new price until such time the product changes price again. The Official Notice of Price Change should be used to update prices on the Wholesale Spirits Catalog until updated versions are issued. The order date determines what wholesale price will be charged to the retailer.

4.5 Temporary price reductions (SPA).

4.5.1 Distillers and Importers occasionally give price reductions called SPA's, or special purchase allowance, on certain products for a limited period of time. These price reductions may be passed on to the retail liquor stores on a dollar-for-dollar basis.

4.5.2 Retail liquor stores will be notified approximately two (2) weeks in advance of upcoming temporary price reductions. Notification will be made by use of the Official Notice of Price Change. Also, a flyer will be used and it will contain the period of time that the product will be eligible for purchase at discount. Ordering by the retail liquor store must take place during the temporary price reduction period to take advantage of the discount.

4.5.2.1 The SPA price reduction reflected in the Wholesale Spirits Catalog will be allowed on orders whether or not the retailer specifically requests it.

4.5.3 On occasion, the ABCC may send additional flyers indicating special prices on discontinued, overstock items, decanters, etc.

4.6 Payment for purchases.

4.6.1 The licensed retailer is required to pay for the alcoholic liquors prior to delivery of such liquors into the retail liquor store. Payment must be made by an electronic funds transfer which will be initiated by the ABCC on the business day following the retailer's order day, or by a money order,

certified check or cashier's check which must be received at the ABCC at least twenty-four (24) hours prior to shipping of the alcoholic liquors.

4.6.2 In order to utilize electronic funds transfers, the licensed retailer is required to provide to the ABCC necessary written authorization to debit the retailers' checking account for purchases of alcoholic liquors. The licensed retailer, at the time of initial licensing, must provide to the ABCC the properly completed authorization form when electronic funds transfers are to be utilized.

4.6.2.1 EFT's may be made only for the amount of the purchase.

4.6.2.2 Delivery of alcoholic liquors will not occur if the money order, certified check or cashier's check is not received at least twenty-four (24) hours prior to the shipping date.

4.6.2.3 Any EFT which is not completed due to nonsufficient funds will preclude further processing of liquor orders to the licensee by ABCC until payment is finally received. In any calendar year where the Commissioner receives two (2) nonsufficient fund responses to a properly executed EFT from a licensee's bank account, further liquor orders of the licensee will only be shipped after the Commissioner's receipt of a certified check, cashier's check or money order for the full amount of the order at least twenty-four (24) hours prior to delivery.

4.6.3 In those situations where a licensed retailer picks-up alcoholic liquors at the ABCC warehouse, only a money order, certified check or cashier's check may be used to pay for such liquors.

4.7 Ordering alcoholic liquors.

4.7.1 Each retail liquor store will be assigned a specific day of the week during which alcoholic liquors may be ordered from the ABCC. Alcoholic liquors ordered on Monday or Tuesday will be delivered on the following Wednesday or Thursday, respectively, and alcoholic liquors ordered on Wednesday or Thursday will be delivered on Friday or the following Monday, respectively. The days will be adjusted for any week which has a holiday, and notification of such adjustments will be provided in the Wholesale Spirits Catalog. Extenuating circumstances may also occasionally adjust the order day schedule for a week.

4.7.2 Orders for alcoholic liquors must be placed by telephone between the hours of 8:00 a.m. and 3:30 p.m. on the day assigned. Orders will not be accepted after 3:30 p.m. Orders are tape recorded when received.

4.7.3 Orders may be changed at any time up to 3:30 p.m. of the retail liquor store's regular order day.

4.7.4 An order to be delivered must contain at least five (5) cases, whether full or mixed.

4.7.5 Telephone order placement procedure.

4.7.5.1 The retail liquor store must call the Order Department on the telephone number provided between 8:00 a.m. and 3:30 p.m. on the assigned order day.

4.7.5.2 The retail liquor store must provide the store's name and last four (4) digits of the account number.

4.7.5.3 Full cases must be ordered first by giving first the merchandise code from the catalog and then the quantity of full cases.

4.7.5.4 Mixed cases may be ordered after the full cases have been ordered, such orders being placed in the same manner as the full case orders.

4.7.5.5 The retail liquor store will be given a dollar total of delivered cost when the order has been placed, a confirmation that all items are in the ABCC warehouse and available for shipment and an invoice number for the order. Out-of-stock product may be reordered by the retail licensee on its next order date.

4.7.6 Order pick-up procedure ("will-call").

4.7.6.1 The retail liquor store may order alcoholic liquors and pick-up its order at the ABCC warehouse. This procedure is available only as a supplement to the regular ordering procedure and may occur no more than once per week.

4.7.6.2 Alcoholic liquor sold in this manner will be sold only in full case lots not exceeding ten (10).

4.7.6.3 Items sold in this manner must be ordered between the hours of 8:00 a.m. and 3:30 p.m. All orders will be processed for pickup on the following work day.

4.7.6.4 When ordering, the store name and account number must be provided.

4.7.6.5 Prior to loading, payment must be completed by usage of a money order, certified check or cashier's check.

4.7.8.6 No claims for breakage or shortage will be honored after the order has been loaded. The licensed retailer shall give to the warehouse a signed receipt signifying acceptance of the order.

4.8 Delivery of alcoholic liquors.

4.8.1 Deliveries are made Monday, Wednesday, Thursday and Friday on a regular basis and generally between the hours of 6:00 a.m. and 6:30 p.m. and are dependent upon the assigned ordering day and the distance of the retail liquor store from the ABCC warehouse. Deliveries may only be made to the retail liquor store, not to a warehouse or other location where alcoholic liquors are stored.

4.8.2 Transport drivers will assist in unloading the alcoholic liquors at the retail liquor store. The order must be placed inside the door of the retail liquor store.

4.8.3 The transport driver will provide the retail liquor store with a complete set of the invoices in order that the delivery can be checked for accuracy. All alcoholic liquors must be kept separate from the store's normal reserve until the delivery is completed and checked for accuracy. In any event, with the exception of concealed shortages or dry breakage, no claims for shortages or breakage will be allowed if the broken or shorted goods are not identified before the driver has left the retail liquor store. "Dry" breakage claims or other defects discovered after the driver has left will not be accepted unless reported to the ABCC within twenty-four (24) hours after delivery to the retail liquor store and then only when the claim complies with any additional requirements provided in Section 4.9 of these regulations.

4.8.4 Both the transport driver and the authorized representative of the retail liquor store must sign the invoice after it has been checked and any adjustments or corrections made. The transport driver will transport any claims made for breakage, shortage and overage.

4.8.4.1 Delivery Breakage - Any product that is broken during delivery or during unloading will be rectified by the transport driver who will complete an "Invoice Exception" detailing the breakage, a copy of which will be retained by the retail liquor store. The Invoice Exception will be processed by the ABCC and a credit memo will be applied to the next order after the claim has been approved.

4.8.4.2 Short Delivery - This occurs when a case that was ordered is not delivered. The transport driver will make an Invoice Exception for the shortage. The Invoice Exception will be processed by the ABCC and a credit memo will be applied to the next order after the claim has been approved.

4.8.4.3 Over Delivery - Returned to Warehouse. An over delivery will be returned to the warehouse. The transport driver will complete the Invoice Exception and return the overage case or cases. There will be no credit in this instance because the retail liquor store was not billed for the product on the invoice.

4.8.4.4 No further adjustments may be made after all invoices and Invoice Exceptions have been signed.

4.9 Misordered product and defective product discovered after delivery.

4.9.1 Misordered product - (Product received in error.)

4.9.1.1 Returns of misordered products will be authorized if the following procedures are adhered to:

4.9.1.1.a The ABCC warehouse must be notified of a product received in error within twenty-four (24) hours following the date of delivery. Claims made after twenty-four (24) hours following delivery will not be

approved. The transport driver is not authorized to return the item(s) on any day except the day delivery actually occurred.

4.9.1.1.b The entire quantity of the misordered product must be returned.

4.9.1.1.c There will be no return authorized for "Special Order," "Decanter Collector Series" or one-time buy offerings.

4.9.1.1.d Appropriate warehouse personnel will schedule pickup of the alcoholic liquors to be returned.

4.9.1.1.e The driver, when picking up the misordered product, will verify the code and quantity, leave appropriate documentation of the return and return the misordered product to the warehouse.

4.9.1.1.f The ABCC will process the claim and apply a credit memo to the next order after the claim has been approved.

4.9.2 Concealed shortage (bottle(s) missing inside full case).

4.9.2.1 The original carton in which the product was delivered must be saved. Credit will not be issued if the carton is unavailable for inspection by the ABCC representative.

4.9.2.2 The ABCC representative will dispose of the carton and record the concealed shortage on a "Concealed Shortage and Defective Merchandise" report.

4.9.2.3 The ABCC representative will leave appropriate documentation at the retail liquor store.

4.9.2.4 The ABCC will process the claim and apply a credit to the next order after the claim has been approved.

4.9.3 Dry breakage (breakage discovered inside full case).

4.9.3.1 The following must be saved:

4.9.3.1.a Neck of the broken bottle with cap/seal intact.

4.9.3.1.b Carton in which breakage was discovered.

4.9.3.1.c No credit will be issued without the above-mentioned items being available for inspection by the ABCC representative.

4.9.3.2 The ABCC representative will dispose of the carton and bottle neck and record the breakage on a "Concealed Shortage and Defective Merchandise" report.

4.9.3.3 The ABCC representative will leave appropriate documentation at the retail liquor store.

4.9.3.4 The ABCC will process the claim and apply a credit to the next order after the claim has been approved.

4.9.4 Defective or spoiled merchandise (product discovered by the retail liquor store or returned by a consumer as unsalable).

4.9.4.1 The unsalable product (or reasonable part thereof) must be available for inspection by ABCC. No credit will be issued if the product is unavailable for inspection by the ABCC representative.

4.9.4.2 The ABCC representative will dispose of the product and record the unsalable item on a "Concealed Shortage and Defective Merchandise" report. If a large quantity of the same product is bad, the ABCC representative may be instructed to send the product back to the warehouse rather than destroy it at the site. If this occurs, the representative will send documentation to the ABCC central office and the bad product will be picked up on the next regular delivery made to the retail liquor store. Appropriate documentation will be left at the retail liquor store when the transport driver actually picks up the product. A credit memo will be applied to the next order.

4.9.4.3 If the product is to be destroyed at the retail liquor store the representative will leave appropriate documentation at the retail liquor store.

4.9.4.4 The ABCC will process the claim and apply a credit to the next order after the claim has been approved.

4.9.5 Wrong product in case (mismarked case).

4.9.5.1 The case and the entire contents must be set aside for the ABCC representative. The entire case must be returned to the warehouse.

4.9.5.2 The ABCC representative will send all documentation to the warehouse where pickup of the mismarked case will be scheduled as soon as possible.

4.9.5.3 When the transport driver picks up the mismarked case, appropriate documentation will be left at the retail liquor store.

4.9.5.4 The ABCC will process the claim and a credit will be applied to the next order after the claim has been approved.

4.10 Credit pricing policy.

4.10.1 Every attempt will be made to issue credit based on the price the retail liquor store was invoiced at for that product. In the event that such price cannot be determined, the retail liquor store will be credited using the price found on the most recent invoice containing that particular product. If the actual purchase price or the most recent price paid by the retail liquor store cannot be determined, the current wholesale price for the product will be used for credit purposes.

4.10.2 ABCC will not be responsible for any breakage, shortage or spoiled product which was caused by the owner/manager, employees or customers of a retail liquor store.

§ 175-1-5. Manufacturer Prohibitions.

5.1 Improper inducements. - Federal law, as interpreted by the ABCC, prohibits and these regulations do not authorize a manufacturer to induce, directly or indirectly, any licensed retailer to purchase any alcoholic liquors from the manufacturer to the exclusion, in whole or in part, of such products which are sold or offered for sale by another manufacturer, when such inducements are in any of the following manners:

5.1.1 By acquiring or holding any interest in any license with respect to the retail liquor store or any other premises which is owned, occupied or used in any manner by the licensed retailer or his immediate family;

5.1.2 By acquiring any interest in the real or personal property which is owned, occupied, or in any manner used by the licensed retailer or his immediate family in the conduct of the retail liquor store or any other of his businesses;

5.1.3 By furnishing, giving, renting, lending, or selling to the licensed retailer or his immediate family any equipment, fixtures, exterior signs, supplies, money, services or other things of value: Provided, That a manufacturer may furnish to a licensed retailer items of nominal value for in-store display or sales purposes and which may only be used within the licensed retail liquor store.

5.1.4 By paying or crediting the licensed retailer or his immediate family for any advertising, display, or distribution services;

5.1.5 By guaranteeing any loan for the repayment of any financial obligation of the licensed retailer or his immediate family; or

5.1.6 By requiring the licensed retailer to take and dispose of a certain quota of any distilled spirits.

5.2 Interest in the retail license. The manufacturer may not acquire or hold any interest in any license required to be obtained by the licensed retailer or his immediate family, with respect to the retail liquor store or any other premises which is owned, occupied or in any manner used by the licensed retailer or his immediate family.

5.2.1 This prohibition includes the officers, partners, employees, other representatives, and the immediate family of any such individuals, of the manufacturer.

5.2.2 Also prohibited is any such interest acquired by a separate corporation in which the manufacturer or its officers, partners, employees or other representatives, and the immediate family of any such individuals, hold any ownership interests or with which such persons are otherwise affiliated.

5.3 Interest in real or personal property of the licensed retailer.

5.3.1 Manufacturers may not acquire or hold any interest in real or personal property which is owned, occupied, or in any manner used by the licensed retailer or his immediate family in the conduct of the retail liquor store or any other of his businesses or those of his immediate family.

5.3.2 The foregoing prohibition also applies to any interest acquired by corporate officials, partners and employees or other representatives, or the immediate family of any such individuals, of the manufacturer and to any interest which is acquired by a separate corporation in which the manufacturer or its officers, partners, employees or other representatives, or the immediate family of any such individuals, hold any ownership interest or in which they are otherwise affiliated.

5.3.4 A manufacturer is prohibited from acquiring a mortgage on a licensed retailer's real or personal property or on the real or personal property of the licensed retailers' immediate family.

5.3.5 A manufacturer is prohibited from the renting of display space or shelf space at a retail liquor store.

5.4 Furnishing things of value.

5.4.1 A manufacturer may not furnish, give, rent, or lend to the licensed retailer or his immediate family any equipment, fixtures, exterior signs, supplies, money, services or other things of value. However, a manufacturer may sell to the licensed retailer goods which are to be resold to the general public and which are not alcoholic liquors so long as the licensed retailer must pay the normal sale price for such goods.

5.4.2 This prohibition also applies to any similar activity which occurs through a third party, such as a retailer association or display company, where the benefits resulting to the licensed retailer may be considered as providing the licensed retailer with a thing of value without the payment of an appropriate purchase price.

5.4.3 The sale of any equipment, supplies or fixtures to a licensed retailer by a manufacturer must take place at the then current market value and there may be no special price advantage to purchasing from one manufacturer as opposed to another manufacturer.

5.4.4 The manufacturer may not provide any assistance (financial, legal, administrative or influential) to the licensed retailer in the licensed retailer's acquisition of the retail license required to operate a license retail liquor store.

5.4.5 A manufacturer may not furnish any exterior advertising signs to a licensed retailer. However, it is possible for the manufacturer to provide interior signs to the licensed retailer. Additionally, the manufacturer may advertise by billboards which display alcoholic liquors, wine or nonintoxicating beer, but the manufacturer may not identify any licensed retailer within such advertisement.

5.4.6 A manufacturer may not furnish to the licensed retailer at less than the normal sale price anything of value which the licensed retailer may merchandise in his business. These things of value include nonalcoholic mixers, pouring racks, and similar items.

5.5 Paying for advertising, display or distribution service.

5.5.1 A manufacturer may not provide a licensed retailer with free advertisement, exterior display or distribution services, or any similar types of services.

5.6 Quota sales.

5.6.1 A licensed retailer may not be required to purchase any alcoholic liquors in order to purchase nonalcoholic liquors or other products from a manufacturer.

5.7 Other.

5.7.1 A manufacturer may not touch the product or displays of another manufacturer.

§ 175-1-6. Advertising.

6.1 General prohibition. - All advertising of alcoholic liquor which encourages intemperance, makes the consumption of alcoholic liquor appear to be glamorous, is lewd or obscene, induces minors to purchase, or tends to deceive or misrepresent, is hereby prohibited. Federal law, as interpreted by the ABCC, provides the following guidelines relative to acceptable and prohibited advertising of alcoholic liquors.

6.2 Permissible media. - Printed advertising of alcoholic liquor in West Virginia shall be limited to billboards, newspapers, magazines and similar publications. Radio and television may be used to advertise nonintoxicating beer and wine but shall not be used to advertise alcoholic liquors.

6.3 Application. - No person engaged in business as a producer, manufacturer, bottler, importer, wholesaler or retailer of alcoholic liquors or wine, directly or indirectly, or through an affiliate, shall publish or disseminate or cause to be published or disseminated in any billboard, newspaper, magazine or similar publication any advertisement of alcoholic liquors or wine, unless such advertisement is in conformity with these regulations: Provided, That these provisions shall not apply to the publisher or standardized outdoor advertising company of any billboard, newspaper, magazine or similar publication, unless such publisher or outdoor advertising company is engaged in business as a producer, manufacturer, bottler, importer, wholesaler or retailer of alcoholic liquors or wine, directly or indirectly, or through an affiliate.

6.4 Mandatory statements.

6.4.1 Responsible advertiser. - The advertisement shall state the name and address of the producer, manufacturer, bottler, importer or wholesaler

responsible for its publication. Street name and number may be omitted in the address.

6.4.2 Class, type and distinctive designation. - The advertisement shall contain a conspicuous statement of the class and type, or other designation of the product, corresponding with the complete designation which appears on the brand label of the product.

6.4.3 Alcoholic content. - The alcoholic content shall be stated in the manner and form in which it appears on the labels of alcoholic liquors advertised.

6.4.4 Percentage of neutral spirits and name of commodity. - In the case of distilled spirits (other than cordials, liqueurs and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, there shall be stated in the advertisement the percentage of neutral spirits so used and the name of the commodity from which such neutral spirits have been distilled in substantially the manner and form in which these statements appear on the labels of the distilled spirits advertised. In the case of neutral spirits or of gin produced by a process of continuous distillation, there shall be stated in the advertisement the name of the commodity from which such neutral spirits or gin has been distilled substantially in the manner and form in which this statement appears on the labels of the distilled spirits advertised.

6.4.5 "Line" or "Brand" advertisements. - Where an advertisement does not mention a specific product but merely refers to a class of distilled spirits such as "Whiskey" and the advertiser markets more than one brand of distilled spirits of that class, or where the advertisement refers to several classes of distilled spirits (such as "Whiskey," "Brandy," "Rum," "Gin," "Liquor," etc.) marketed under a single brand, the only mandatory information prescribed by Section 6.4 hereof applicable to such advertisement would be the name and address of the responsible advertiser.

6.5 Lettering.

6.5.1 Conspicuousness of mandatory statements. - Statements required by this part to be stated in any written, printed or graphic advertisement shall appear in lettering or type of a size, kind and color sufficient to render them both conspicuous and readily legible.

In particular:

6.5.1.1 Required information shall be stated against a contrasting background and in type or lettering which is at least the equivalent of eight (8) point type.

6.5.1.2 Required information shall be so stated as to appear to be a part of the advertisement and shall not be separated in any manner from the remainder of the advertisement.

6.5.1.3 Where an advertisement relates to more than one product, the required information shall appear in such a manner as to clearly indicate the particular products to which it is applicable.

6.5.1.4 Required information shall not be buried or concealed in unrequired descriptive matter or decorative designs.

6.6 Prohibited statements - Generally.

6.6.1 Restrictions. - An advertisement shall not contain:

6.6.1.1 Any statement that is false or misleading in any material particular. For example, the reproduction of medals or facsimiles of awards, when no medals or awards have been given or where the medals or awards were not given on a competitive or comparative basis are prohibited.

6.6.1.2 Any statement that is disparaging of a competitor's product. For example, an advertisement may not contain statements such as "Contains no neutral spirits or alcohol" or "This rum will not turn dark in the bottle."

6.6.1.3 Any statement, design, device or representation which is obscene, lewd or indecent.

6.6.1.4 Any statement, design, device or representation of, or relating to, analyses, standards or tests, irrespective of falsity which is likely to mislead the consumer. For example, an advertisement may not contain a statement such as "Analyzed by the _____ laboratory and found to be pure and free from deleterious ingredients," or "Tested and approved. Signed by the _____ Research Institute."

6.6.1.5 Any statement, design, device or representation of, or relating to, any guaranty, irrespective of falsity, which is likely to mislead the consumer.

6.6.1.5.a.... Nothing in this section shall prohibit the use of any enforceable guaranty in substantially the following form:

"We will refund the purchase price to the purchaser if he is in any manner dissatisfied with the contents of this package."

Blank to be filled in with the name of person making guaranty.

6.6.1.6 Any statement that the product is produced, blended, made, bottled, packed or sold under, or in accordance with, any authorization, law or regulation of any municipality, county or state, federal or foreign government unless such statement is required or specifically authorized by the laws or regulations of such government; and if a municipal county, state or federal permit number is stated, such permit number shall not be accompanied by any additional statement relating thereto.

6.6.2 Statements inconsistent with labeling. - The advertisement shall not contain any statement concerning a brand or lot of distilled spirits that is inconsistent with any statement on the labeling thereof.

6.6.3 Curative and therapeutic effects. - The advertisement shall not contain any statement, design or device representing that the use of any distilled spirits has curative or therapeutic effects; if such statement is untrue in any particular or tends to create a misleading impression. For example, advertisements may not contain statements such as "_____ is good for you" or "Conducive to well-being."

6.6.4 Place of origin. - The advertisement shall not represent that the distilled spirits were manufactured in, or imported from, a place or country other than that of their actual origin, or were produced or processed by one who was not in fact the actual producer.

6.6.5 Flags, seals, coats of arms, crests and other insignia. - No advertisement shall contain any statement, design, device or pictorial representation of, or relating to, or capable of being construed as relating to the armed forces of the United States, or of the American Flag, any state flag or any emblem, seal, insignia or decoration associated with any such flag or the Armed Forces of the United States; nor shall any advertisement contain any statement, device, design or pictorial representation of or concerning any flag, seal, coat of arms, crest or other insignia, likely to falsely lead the consumer to believe that the product has been endorsed, made or used by, or produced for, or under the supervision of, or in accordance with the specifications of the government, organization, family or individual with whom such flag, seal, coat of arms, crest or insignia is associated.

6.7 Prohibited statements - distilled spirits.

6.7.1 Restrictions. - An advertisement for distilled spirits shall not contain:

6.7.1.1 The words "Bond," "Bonded," "Bottled In Bond," "Aged In Bond" or phrases containing these or synonymous terms, unless such words or phrases appear upon the labels of the distilled spirits advertised, and are stated in the advertisement in the manner and form in which they appear upon the label.

6.7.1.2 Statements of age. - An advertisement for distilled spirits shall not contain any statement, design or device directly or by implication concerning age or maturity of any brand or lot of distilled spirits unless a statement of age appears on the labels of the advertised product. When any such statement, design or device concerning age or maturity is contained in any advertisement, it shall include (in direct conjunction therewith and with substantially equal conspicuousness) all parts of the statement concerning age and percentages, if any, which appear on the label. However, an advertisement for any whiskey or brandy, which does not bear a statement of age on the label, or an advertisement for rum which is four (4) years or more old, may contain general inconspicuous age, maturity or other similar representations, e.g., "Aged In Wood," "Mellowed In Fine Oak Casks."

6.8 Prohibited statements - wine.

6.8.1 Restrictions. - An advertisement for wine shall not contain:

6.8.1.1 Any statement of bonded wine cellar and bonded winery numbers unless stated in direct conjunction with the name and address of the person operating such winery or storeroom. Statement of bonded wine cellar and bonded winery number may be made in the following form: "Bonded Wine cellar No. _____," "Bonded Winery No. _____," "B.W.C. No. _____," "B.W. No. _____."

No additional reference thereto shall be made, nor shall any use be made, of such statement that may convey the impression that the wine has been made or matured under United States government or any state government supervision or in accordance with United States government or any state government specifications or standards.

6.8.1.2 Any statement, design, device or representation which relates to alcoholic content or which tends to create the impression that a wine is "Unfortified" or has been "Fortified," or has intoxicating qualities, or contains distilled spirits (except for a reference to distilled spirits in a statement of composition where such statement is required by these regulations to appear as a part of the designation of the product).

§ 175-1-7. Transportation.

7.1 Transportation permits.

7.1.1 Before any person shall transport, for hire, any alcoholic liquors in quantities in excess of one (1) gallon within, into or through the State of West Virginia, and such alcoholic liquors are to be sold commercially, such person shall give a surety bond, approved by the Attorney General as to form and execution, and by the West Virginia Alcohol Beverage Control Commissioner as to sufficiency, payable to the State of West Virginia in the penalty of one thousand dollars (\$1,000.00) conditioned that such person will exercise the privileges granted by such permit in conformity with the provisions of the Liquor Control Act and the regulations of the Commissioner, or in default thereof forfeit to the state school fund the sum of one hundred dollars (\$100.00) for each breach recoverable by motion upon ten (10) days notice in any court having jurisdiction of the parties. Each person so transporting such alcoholic liquors, in addition to the bond aforesaid, shall pay unto the West Virginia Alcohol Beverage Control Commissioner an annual fee of ten dollars (\$10.00) for the first permit and one dollar (\$1.00) for each duplicate permit so issued. In the case of motor carriers for hire, a permit issued by the Commissioner under seal showing that the required bond has been given and the fee paid which permit shall accompany the alcoholic liquors at all times during transportation. In the case of air carriers and rail carriers for hire, a permit issued by the Commissioner under seal showing that the required bond has been given and the fee paid shall be filed in the principal office of such carrier in this State.

7.1.2 Any wine distributor or wine retailer, licensed pursuant to the provisions of West Virginia Code article 60-8, any private club licensed

pursuant to the West Virginia Code article 60-7, any representative licensed under the provisions of West Virginia Code § 60-4-22, and any retail licensee licensed under the provisions of West Virginia Code article 60-3A, by virtue of their license as such, may transport within West Virginia any alcoholic beverages which are deemed to be transported in connection with the purpose for which such license was granted without a transportation permit issued by the Commissioner.

7.1.2.1 A licensed retailer which operates more than one (1) retail liquor store within a market zone may transfer alcoholic liquors only from one (1) such retail liquor store to another within the same market zone without first obtaining written approval from the ABCC.

7.1.2.2 A licensed retailer which operates retail liquor stores in more than one (1) market zone may not transfer alcoholic liquors from one market zone to another without first obtaining written approval from the ABCC.

7.1.2.3 A licensed retailer, upon picking-up alcoholic liquors at the ABCC warehouse may, without obtaining written approval from the ABCC, transport such alcoholic liquors to the retail liquor store for which the alcoholic liquors were purchased or to the storage facility for such retail liquor store. In such situations, the receipt provided by the ABCC warehouse shall be the written approval provided by the ABCC.

7.1.3 All permits provided for herein shall be issued for the period of the calendar year, and the fee therefor shall not be prorated.

7.1.4 Except with written authorization provided by the ABCC, a person may transport in this State alcoholic liquors not in excess of ten (10) gallons: Provided, That the alcoholic liquors will not be resold.