

LICENSEE

News & Updates from the Virginia Department of Alcoholic Beverage Control, Winter 2012, Issue 18.1

Interested in ABC Laws and Regulations? Make Your Voice Heard

A PRIMARY GOAL of the *Licensee's* Editorial Board is to provide information and answer questions in easy-to-understand, "non-legalese" language. We encourage licensees to send ideas for articles and questions by emailing pubrel@abc.virginia.gov. This issue of the newsletter includes answers to questions about wine corkage, synthetic marijuana and the use of alcoholic beverage photos and brand names on websites.

For those interested in learning more about how ABC laws and regulations are drafted, Virginia maintains excellent resources to follow bills in the General Assembly and/or comment on proposed regulations.

Each regulation must be authorized by law and each chapter of the Virginia Administrative Code (VAC) is considered one regulation. VAC Title 3. pertains to alcoholic beverages and includes eight chapters.

Every state regulation must be reviewed every four years. At ABC this was accomplished in recent history by reviewing sections on a rotating basis. In 2011, Board Chairman Neal Insley, Commissioner Sandra Canada and Chief Operating Officer Curtis Coleburn launched a complete review of ABC regulations "from A to Z," seeking active participation from industry representatives. The review is designed as an open process to maximize collaboration.

A group of industry stakeholders repre-



Virginia State Capitol, Richmond

Tracking ABC Laws

The Virginia General Assembly will be in session Jan. 11 through March 10, 2012. Visit <http://legis.virginia.gov/> for detailed information about the General Assembly and the legislative process. Virginia's Legislative Information System is online at <http://lis.virginia.gov/>. This site includes the Lobbyist-in-a-Box feature that allows users to establish a profile to organize bills by subject, request email notification when legislation is introduced by a General Assembly member and much more.


Commenting on ABC Regulations

State agencies adopt and publish regulations in order to administer and enforce specific state laws and to implement gener-

(continued on page 6)

2012 "Do Not Sell" Stickers

The 2012 "Do Not Sell" stickers were mailed to all retail licensees. If you have not received them or would like to request additional free copies, please contact ABC's Public Affairs Division at pubrel@abc.virginia.gov or by phone at (804) 213-4418.




ALCOHOL

If you weren't born on or before **TODAY'S DATE in 1991** then you **CAN'T** buy or consume **ALCOHOL!**

DO NOT SELL
21 is the Legal Age
Expires 12/31/12






TOBACCO

If you weren't born on or before **TODAY'S DATE in 1994** then you **CAN'T** buy **TOBACCO!**

DO NOT SELL
18 is the Legal Age
Expires 12/31/12





LICENSEE

Winter 2012 • Issue 18.1

Licensee is a quarterly publication for licensees of the Virginia Department of Alcoholic Beverage Control (ABC).



Virginia ABC is one of 14 state law enforcement agencies under the Office of Public Safety.



Governor Bob McDonnell



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REFLECTIONS ON 2011



ABC special agents are most often associated with monitoring establishments that sell alcoholic beverages, however, their responsibilities and activities are tremendously varied. As you are aware ABC laws and regulations are also quite varied. In an effort to provide quality services to businesses and citizens of the Commonwealth, our goal is to answer questions on everything from happy hour advertising to synthetic marijuana to wine corkage in order to promote voluntary compliance with ABC laws and regulations.

Through news stories, social media posts and conversations with licensees, we receive the message loud and clear that some ABC laws and regulations are controversial and unpopular. However, amid all of the debate and critique, the Bureau of Law Enforcement's primary focus is public safety. This mission is clear and constant thus driving everything we do.

In September, people worldwide reflected on the 10th anniversary of September 11, 2001. For many, the term "first responder" is associated directly with visual images of police officers and firefighters related to this tragic day. Fourteen ABC special agents assigned to the Alexandria Regional Office were among those who answered the call for all available responders to report to the Pentagon on the morning of September 11, 2001. Some of the agents shared recollections in "Remembering September 11th," posted at www.abc.virginia.gov. I encourage you to share in their thoughts of that day.

As sworn police officers, ABC agents are among those individuals "who in the early stages of an incident are responsible for the protection and preservation of life, property, evidence, and the environment."* ABC agents are sometimes first responders at the scenes of vehicle crashes, shootings, natural disasters and other emergencies. ABC agents fill a particularly important role in enhancing the quality of life for Virginians; one that augments their brother and sister officers also serving the public safety mission.

Whether answering questions from licensees, conducting inspections, hosting training, partnering with other law enforcement agencies or arriving at the scene of an emergency, our focus is, and will always be protecting the community and safeguarding lives. I know I can speak for my colleagues and say that we are incredibly honored to do this work.

On behalf of the Bureau of Law Enforcement, we look forward to enhancing our partnership with you and we wish you a prosperous and safe 2012.

—Director Shawn Walker

* Homeland Security Presidential Directive excerpted definition of a first responder

DON'T MISS IN THIS ISSUE! ...

WHAT WENT WRONG?—UNDERAGE SALES, PAGE 10

Share this list of common problems / violations related to underage alcohol sales with your staff. Prevent similar problems at your establishment.

SYNTHETIC MARIJUANA, PAGES 6-7

It is now a violation of federal and state code to possess, give, sell, or possess with intent to sell, give, or distribute this substance. Read more here.

Online Licensee Ordering Will Be Available Soon

A SMALL group of mixed beverage licensees and ABC stores are pilot testing the agency's new online-ordering Web portal. This new functionality will give licensees an additional—easier and more efficient—avenue to submit replenishment orders 24 hours a day, 7 days a week. Licensees will have the ability to view real-time inventory levels at their primary ABC store, actual codes, current prices and current and future discount items. The system offers a search function by code, category or product name. For enhanced communication and efficiency, email notifications will be provided all along the ordering process to both the licensee and the store.

Licensees will receive a flyer from their assigned ABC store as soon as the online service becomes available. Participation is voluntary. ♦



Please note: * Indicates that the Retail Bottle Price reflects
 # if a product is Discontinued or Closed Out, the font color of

Find Product Codes		Product Information				
Line	Order Information		Product Information			
Number	Product Code	Bottles	Product Name	Bottle Size	Bottles per Case	R
1	<input type="text"/>	<input type="text"/>				
2	<input type="text"/>	<input type="text"/>				
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12	<input type="text"/>	<input type="text"/>				
13	<input type="text"/>	<input type="text"/>				

(Top) Licensees will have the ability to view realtime inventory levels. (Bottom) Screen shot of the new online-ordering Web portal.

LICENSEE Q&A

Wine Corkage Law

THE wine corkage law passed by the 2011 General Assembly, in summary, states that any restaurant licensed by the ABC Board may permit the consumption of lawfully acquired wine by bona fide customers on the premises in all areas and locations covered by the license. The law provides that a licensee may charge a corkage fee to such customer for the wine so consumed; however, the licensee shall not charge any other fee to such customer. (See §4.1-201A.16. for the exact verbiage.)

“A licensee may not confiscate wine; however, restaurant staff may advise the customer to leave . . . or ask the customer to remove the wine from the establishment.”

Q: Can restaurants limit the amount of bottles that can be “brought in” under the corkage law? 1–2 bottles per 4 patrons seems reasonable, but not sure if there are guidelines?

A: The restaurant is permitted to place limits on the amount of wine a customer may bring into its establishment.

Q: May the restaurant decline corkage unless it is accompanied by a food purchase?

A: Yes, corkage is a practice a licensee may, or may not, choose to allow.

Q: Must the corkage fee be paid separately or is it at the discretion of the restaurant?

A: The fee does not have to be paid separate from the customer's bill. The bill should indicate the corkage charge.

Q: If a patron is observed sharing wine from a bottle brought in under the corkage fee with other patrons not in their group, may the restaurant legally confiscate the bottle?

A: There are no legal provisions that prohibit sharing such wine, nor are there legal provisions for a restaurant to seize a person's property. Allowing a patron to bring his/her own wine to consume is a privilege the licensee may or may not choose to allow. Licensees are responsible for all patrons' conduct upon the licensed premise such as preventing underage consumption and over consumption. Allowing patrons to share their private wine outside of their party could impair a licensee's ability to properly monitor customers (particularly watching for underage drinking and/or serving to an intoxicated patron). A licensee may not confiscate wine; however, restaurant staff may advise the customer to leave the establishment or ask the customer to remove the wine from the establishment.

Q: In the event of patrons appearing intoxicated, may the restaurant confiscate bottles on the table even if they were brought in via corkage?

A: Please refer to the previous question. Remember a restaurant should never allow customers to consume to the point they become intoxicated. Corkage of wine is a privilege of a restaurant's license and any violations of the Code of Virginia and/or ABC regulations may result in administrative charges being filed against the license. Advise staff to handle the situation similar to any other situation to avoid over serving. The server might say something like: “I hope you've enjoyed your meal this evening. ABC law requires that I shut down alcohol service for you at this time. I can seal and bag your remaining wine; however, if you continue to consume I'll need to ask you to leave. Do you have a safe ride home or would you like me to call a taxi?”

Q: If a restaurant chooses to participate in the corkage process, must they charge one rate? Specifically, can they determine the cost based on the type of wine you bring in? As an example, if a patron wanted to corkage a bottle of lower quality wine, can the restaurant add a surcharge (based on their determination that a bottle is “cheap wine”), or must they post a corkage fee, and adhere to it at all times?

A: No, a “lower quality wine” surcharge is not allowed. If you choose to charge a corkage fee then you may not charge any other fee (s) associated with the corkage of wine.

CHEERS TO THE GROWTH OF THE WINE INDUSTRY

"The thriving Virginia wine industry is a homegrown asset providing valuable jobs and \$347 million in economic impact to our state. We are pleased to sell Virginia wines and excited to expand this partnership that preserves local agriculture and promotes use of resources grown locally."

—ABC Chairman Neal Insley

"Wine Enthusiast Magazine has named Virginia one of the 10 best wine travel destinations for 2012. The article, . . . in the February issue of Wine Enthusiast Magazine, highlights Virginia as one of only three domestic destinations to make the list of wine regions that are ideal for wine lovers to visit in 2012. Virginia was named along with regions in Italy, New Zealand, Spain, Hungary, Germany, France, Chile and two regions in California. The article cites Virginia's rich history, natural beauty and wine makers as some of the many reasons why Virginia is a hot wine travel destination. Virginia is home to more than 200 wineries statewide."

—www.VirginiaWineEvents.com

"Sales of Virginia wine reached a record high in fiscal year 2011 with more than 462,000 cases sold. . . . Virginia is now the nation's fifth largest wine producer and seventh largest wine grape producer. Today there are nearly 200 farm wineries in the state."

—www.VirginiaWine.com



ABC recently added a Virginia Wine page on its website.

INDUSTRY MATTERS

ABC Restructures Farm Winery Inspection Process

by Charlie Lintecum, Tax Audit Supervisor

As ABC continues to find more efficient ways to carry out its business, many processes are being overhauled or revamped. One such process is the way farm winery inspections are carried out. The process will split into two parts: inspections conducted by the assigned senior special agent and an audit of paperwork by the Tax Audit section. A letter was sent by COO Curtis Coleburn on July 15, 2011 to all farm wineries as an official notification of the change, which is in accordance with §4.1-204, §4.1-331 and 3VAC 5-70-90.

The Tax Audit section was created in late 2009 to perform audits of Virginia licensed entities that pay excise tax. The team has been focusing on wholesaler audits for the past year and a half and is now including farm wineries in their process. The audits will focus on an independent inventory count, review of invoices and wine wholesale tax reports submitted to the agency's Tax Management section, review of documents related to license requirements (e.g., 51 percent of total production from property owned or leased by licensee), and some operational compliance. Establishments will be randomly selected for audits and notified a few weeks in advance by mail. The Tax Audit team works to schedule audits that minimally impact the winery's business operations while still maintaining its goals. The notification letters will outline the documents needed for the audit and may request some items be sent to ABC in advance. Also, if a winery is a Virginia Winery Distribution Company (VWDC) participant, the VWDC audit will take place at the same time.

The audit process will occur in three stages. During the *pre-audit stage*, along with the notification letter, the farm winery will receive a pre-audit questionnaire, which must be completed and returned as soon as possible so the Tax Audit section will have adequate information to plan and schedule the audit. The second stage is the *audit stage*. This portion shall be conducted on the licensed premises of the farm

winery. Once the on-site portion of the audit is complete, a brief exit interview will be conducted with the winery personnel. The final stage, *post-audit*, will include reconciliation of information obtained during the audit and completion of the final audit report. This report will be sent to the farm winery along with a cover letter containing instructions for any actions that are required or recommended.

There has been a 220 percent increase in wineries across the Commonwealth in the last 10 years. . . .

[The revamped process will provide] a more efficient way to ensure compliance in paperwork-heavy areas.

Please understand this is only a change in how ABC maintains compliance due to the maturing of the Virginia farm winery industry. There has been a 220 percent increase in wineries across the Commonwealth in the last 10 years. With an overall decrease in staffing for ABC special agents in the same period, ABC developed the audit team as a more efficient way to ensure compliance in paperwork-heavy areas. As stated earlier, the senior special agents will still be conducting inspections and involved with farm winery operations as always. Additionally the Tax Audit team communicates all audit results with the agents. This reorganization of duties will better serve both the farm winery industry and the Commonwealth.

ABC appreciates the cooperation of Virginia's farm wineries as this transition takes effect. If you have any questions or concerns, please send them to tax.audit@abc.virginia.gov. ♦

www.abc.virginia.gov

NEW ABC STORE PRODUCT LISTINGS

Name	Category	Product	Size
Four Roses Single Barrel Bourbon	Bourbon	18350	750ml
Junior Johnson Midnight Moon Strawberry	Bourbon	76040	750ml
Sam Houston American Straight Whiskey	Bourbon	21376	750ml
Southern Comfort Fiery Pepper	Bourbon	86813	1L
Alize Coco	Brandy	64054	750ml
1800 Ultimate Blueberry RTD	Cocktails	59160	1.75L
Whipped Lightning Strawberry Love	Cocktails	77753	375ml
Andong Soju	Cordials	65982	375ml
Art in the Age—Root	Cordials	72300	750ml
Dekuyper O3 Orange	Cordials	73533	750ml
Hammer Grape Liqueur	Cordials	74642	750ml
Nuvo Lemon Sorbet	Cordials	66054	750ml
OR-G	Cordials	66107	750ml
Trader Vic Chocolate Liqueur	Cordials	77532	750ml
Tres Leches Triple Cream Liqueur	Cordials	80505	750ml
VeeV Acai Liqueur	Cordials	77585	750ml
Beefeater 24	Gin	28096	750ml
Cardinal Gin	Gin	29742	750ml
Tooters Blue Kamikaze	Miniatures	72466	50ml
Goslings Diet Ginger Beer	Mixers	997327	72oz
Keep It Simple Syrup	Mixers	997335	750ml
Master of Mixes Strawberry Daquiri Lite	Mixers	997331	1.75L
Q-Ginger 4 pack	Mixers	997332	748ml
Smirnoff Bloody Mary Mix	Mixers	997329	32oz.
Tres Agave Margarita Mix	Mixers	997330	1L
Vibe Hot Buttered Revolution Mix	Mixers	997336	750ml
Bacardi OakHeart Spiced Rum	Rum	43205	750ml
Pampero Aniversario Rum	Rum	52950	750ml
Whipped Jack Rum	Rum	45995	750ml
99 Whipped Cream Schnapps	Schnapps	84399	750ml
Mclvor Scotch	Scotch	5576	750ml
Speyburn Bradan Orach Scotch	Scotch	6100	750ml
Tullamore Dew 12 year	Scotch	15916	750ml
Don Julio 70th Anniversary	Tequila	89200	750ml
El Charro Silver Tequila	Tequila	87516	750ml
Juarez Silver	Tequila	75097	1L
Sauza Giro Gold	Tequila	89808	1L
Tres Agaves Reposado	Tequila	89889	750ml
Wild Shot Reposado with Worm	Tequila	952705	750ml
Autumn Hill Cabernet Sauvignon	Va. Wines	900810	750ml
New Kent White Merlot	Va. Wines	917208	750ml
Rapidan River Chocolate Wine	Va. Wines	917206	750ml
Bakon Vodka	Vodka	35527	750ml
Cathead Vodka	Vodka	35592	750ml
Cupcake Vodka Frosting	Vodka	42035	750ml
Cupcake Vodka Original	Vodka	35785	750ml
Finlandia Raspberry Vodka	Vodka	34348	750ml
Finlandia Redberry Vodka	Vodka	34318	750ml
Flyte Vodka	Vodka	34254	750ml
Ivanabitch Redberry Vodka	Vodka	35769	750ml
New Amsterdam Vodka	Vodka	36971	1.75L
Pearl Wedding Cake	Vodka	35921	750ml
Pinnacle Cherry Whipped Vodka	Vodka	35770	750ml
Pinnacle Gummy	Vodka	35873	750ml
Prairie Organic Vodka	Vodka	37526	750ml
Seagram Sweet Tea Vodka	Vodka	41190	750ml
Smirnoff Coconut	Vodka	38002	750ml
Smirnoff Fluffed Marshmallow Vodka	Vodka	40949	750ml
Smirnoff Whipped Cream Vodka	Vodka	40965	750ml
Stoli Chocolat Razberi	Vodka	35897	750ml
Svedka Grape Vodka	Vodka	34680	750ml
Three Olives Cake Vodka	Vodka	35891	750ml
Voli Espresso Vanilla	Vodka	67281	750ml
Voli Lyte	Vodka	67285	750ml



(From top) Cardinal Gin, Art in the Age Root, Sauza Giro Gold Tequila. Additional new-product photos and descriptions from distillers are available in the “New Product Information Guide” online at ABC’s website. See the “Stores & Products” page.

senting all facets of the alcohol beverage industry (see at-a-glance box for a partial list of participants) met in August and November and proposed numerous regulation changes. Subgroups are reviewing various topics this winter to determine if consensus can be found before making final recommendations.

Concurrent with the comprehensive study, a number of regulations are in various phases of review—a process that normally takes 18 months from start to finish and includes two public comment periods. One item of interest to many mixed beverage licensees is the proposed regulation allowing for infusion, storing and sale of flavored distilled spirits. The preliminary draft text of the regulation, along with all other regulations and regulatory actions, is on the Virginia Regulatory Town Hall website at <http://townhall.virginia.gov/>.

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Explore <http://townhall.virginia.gov/> for comprehensive information and to participate in the public comment forums. Regulatory actions are grouped by secretariat; ABC is part of the Office of Public Safety Secretariat. Like it says on the Regulatory Town Hall website, "Make your voice heard! Public comment forums allow all Virginia's citizens to participate in making and changing our state regulations." We'll be on the lookout for your comments and questions. ♦

AT-A-GLANCE

Industry Groups Participating in Regulations Review*

Associated Distributors
Charmer Sunbelt Group
Diageo North America
Distilled Spirits Council of the United States
The Country Vintner
Virginia Beer Wholesalers Association
Virginia Hospitality and Travel Association
Virginia Licensed Beverage Association
Virginia Night Life Association
Virginia Petroleum Convenience and Grocery Association
Virginia Wine Council
Virginia Wine Wholesalers Association
Williams Compliance
Wine Institute

*partial list

LOBBYIST-IN-A-BOX

- <http://lis.virginia.gov>
- Lobbyist-in-a-box provides users with "profiles" for tracking and reporting legislation. You may track up to five bills in one profile, without charge.
- Online registration is easy.

VIRGINIA REGULATORY TOWN HALL

- <http://townhall.virginia.gov>
- Virginia Regulatory Town Hall provides a comprehensive source of information about proposed changes to Virginia's regulations, including a meetings calendar and board minutes.
- Public comment forums allow you to participate in making and changing our state regulations.
- Free to all users. Online registration is easy.

www.abc.virginia.gov

LICENSEE Q&A

Synthetic Marijuana

ON May 12, 2011, ABC issued Circular Letter 1-11, regarding synthetic marijuana, which advised: On March 1, 2011, the Drug Enforcement Administration (DEA) issued an order placing five synthetic cannabinoids (synthetic marijuana) into the Controlled Substances Act. This action was based on a finding, by the Administrator of the DEA, that the placement of these synthetic cannabinoids into Schedule I of the Act is necessary to avoid an imminent hazard to public safety. It is now a violation of federal and state codes to possess, give, sell, gift, or possess with the intent to sell, give or distribute these substances.

Since issuing the circular letter, ABC's Bureau of Law Enforcement has conducted numerous seizures and filed charges related to possession of synthetic marijuana. Please remain vigilant and contact your local special agent or regional office with questions about synthetic marijuana.

Since issuing the circular letter, ABC's Bureau of Law Enforcement has conducted numerous seizures and filed charges related to possession of synthetic marijuana.

Q. What does synthetic marijuana look like?
A. Pictured below: A stock photo of synthetic marijuana. In the column at right, photographs of synthetic marijuana seized by ABC agents.





On November 21, 2011, ABC agents executed a search warrant in Alexandria and seized 268, 3-gram packets of synthetic marijuana. They took a Woodbridge man into custody on two felony warrants: sale with intent to distribute synthetic marijuana and sale with intent to distribute herbal marijuana. (Photos courtesy of Alexandria Regional ABC Office.)

ENFORCEMENT BRIEFS

Compiled by Lori Catlett-Shaffer,
Bureau of Law Enforcement

ABC Receives \$4.1 Million FDA Contract

In August, the Bureau of Law Enforcement was awarded a \$4.1 million FDA tobacco contract to enforce federal laws pertaining to underage possession of tobacco products and labeling and advertising of tobacco products. This three-year contract is funded as part of the Tobacco Control Act signed by President Obama in 2009.

Chesapeake Agents Participate in FBI Task Force

Chesapeake ABC agents participated in a FBI search warrant as part of the Joint Terrorism Task Force investigation. This was the culmination of a 12-month undercover criminal enterprise investigation conducted by multiple local, state and federal agencies that netted over a half million dollars in cash, untaxed cigarettes, counterfeit apparel items and other illegal items.

Lynchburg Agents and Hampden-Sydney Team Up for DUI Prevention

Lynchburg ABC agents conducted a “beer goggle” demonstration at Hampden-Sydney College with the assistance of campus police and the Dean of Students Office. Approximately 150 first-year students attempted a golf-cart driving course with and without beer goggles and experienced mock field sobriety tests.

Southwest Agents Bust Moonshine Operation

Southwest ABC agents, with assistance from the Dickenson County Sheriff’s Department, executed a search warrant and seized a 50-gallon still and six quarts of untaxed distilled spirits. Agents destroyed 150 gallons of mash.

Roanoke Enforcement Partnerships

In August, Roanoke ABC agents assisted with the manhunt for armed fugitive Edward DeHart Jr. in Montgomery

County. Later that month they also assisted Franklin County Sheriff’s Office, Virginia State Police, Rocky Mount Police Department and the Drug Enforcement Agency with a drug investigation in which 68 indictments were served.

Hampton Agents Meet with Restaurateurs

Hampton ABC agents partnered with Suffolk police to conduct a restaurant “best practices” meeting held at the Hilton hotel and sponsored by the Suffolk Economic Development Authority. Representatives from the police, fire, health and ABC discussed issues that on-premise restaurants may experience and best practices to promote public safety and compliance.

Richmond Agents Assist Marijuana Eradication

Richmond regional ABC agents participated in a Governor’s Initiative Against Narcotics Trafficking (GIANT) eradication along with Virginia State Police, the Drug Enforcement Agencies, Virginia Conservation Police, U.S. Fish & Wildlife and the Virginia Army National Guard. A total of 535 cannabis plants, 13 firearms and under a pound of processed marijuana were seized.

Alexandria Agents Present Underage Prevention Grant

Alexandria ABC agents, in concert with the Office of Juvenile Justice and Delinquency Prevention, presented the South County Youth Network a community coalition grant totaling \$7,250 for their efforts to prevent the sale to and consumption of alcoholic beverages by underage persons.

Staunton Agents Support Local Fundraisers

Staunton ABC agents played in the Fallen Officers Law Enforcement Softball Tournament in Christiansburg and represented the Bureau of Law Enforcement in a golf tournament in Albemarle County to raise money for Special Olympics.

Recent Wholesale Audits

by Charlie Lintecum, Tax Audit Supervisor

As promised in the Spring/Summer 2011 issue of the *Licensee*, this column is now a regular feature of the newsletter. (Previous issues of the *Licensee* are available through ABC's website.) I wanted to communicate some issues identified in recent audits in an effort to help increase compliance and understanding.

Inventory

I covered a few issues on inventory in the Spring/Summer 2011 issue, including the recommendation to develop a perpetual inventory process. Here are some additional items that have been discovered.

- Per ABC regulation {3 VAC 5-60-20 (B)(6)} ...Each wholesale wine licensee shall on forms prescribed by the board on a quarterly basis indicate the quantity of wine on hand at the close of business on the last day of the last month of the preceding quarter based on actual physical inventory by brands.
- This means all wine wholesalers must conduct a month-end physical inventory at least quarterly, and the final number must also be the ending inventory number on the tax report for that month. It is best to store a copy of the inventory paperwork used to calculate the month-end number with the wholesaler's copy of that tax report.
- This is also the best practice for beer wholesalers.
- The Tax Audit team recommends monthly inventories and spot checks throughout the month, especially on items that may have receiving, pulling or delivery errors.

A quick way for most wholesalers to determine if their tax reporting is accurate is totaling up the in-state sales and samples and comparing the totals with item 11 on the appropriate tax report. If the numbers are close, then it is likely the tax reporting is mostly accurate.

Purchase Orders and Receiving Invoices

- When purchasing alcohol, a wholesaler usually ends up with at least two documents for each purchase. One is the purchase order sent to Tax Management. The subsequent document(s) are from the supplier and detail what products were sent, how many and how much the wholesaler paid for the product.
- The final purchase order and the subsequent documents should match and if necessary take into account any discrepancies between what the subsequent documents list and what was actually received by the wholesaler.
- The subsequent documents also include transfers-in from other wholesalers.

Reporting a Large Amount of Purchase Orders/Tax Exempts

- Some wholesalers create a large number of purchase orders and/or tax exempt invoices (including transfers, out-of-state sales, and military sales) each month. There are often discrepancies in these areas with reporting due to human error.
- The Tax Audit team recommends any wholesaler reporting a large number of transactions create a simple list of all

purchases or tax exempt invoices and submit it with the tax report each month. This list serves as a secondary check and reference for both the wholesaler and Tax Management and helps ensure proper credit for all transactions.

Reconciling Sales to Tax Reports

- Item 11 on the monthly tax reports is known as the "net taxable quantity" or "total taxable liters." This number mainly represents sales made to retailers in the Commonwealth as well as samples and inventory adjustments.
- A quick way for most wholesalers to determine if their tax reporting is accurate is totaling up the in-state sales and samples and comparing the totals with item 11 on the appropriate tax report. If the numbers are close, then it is likely the tax reporting is mostly accurate. If not, then something in the reporting process may be in error.

As always we encourage everyone to communicate with the Tax Audit team anytime you have questions. The easiest way to reach us is by emailing tax.audit@abc.virginia.gov. I also would like to thank those wholesalers who have worked with us to make their audits as smooth as possible. ♦



TASTING EVENTS

ABC is proud to present tasting events at ABC store locations across the state, allowing customers to sample select products before making a purchase. Vendors have hosted 3,000 tasting events at 200+ stores! For a schedule, visit www.abc.virginia.gov.

QUICK REMINDER

Licensees are required to report to ABC any changes in officers, directors, shareholders, partners or members within 30 days of any such change. Failure to comply can result in ABC violations.

Alcoholic Beverage Photos on Websites

WITH the growth of online media, questions increasingly arise about what is permissible on licensee websites and social media. The *Licensee* addressed this in a previous issue—see “What Went Wrong: Happy Hour” (Spring/Summer 2011), which can be read and downloaded from ABC’s website—and will continue to provide up-to-date information about this topic. While licensees cannot advertise Happy Hour, there are situations where it is permissible to advertise products.

Q. Can photos of alcoholic beverages be posted on a licensee’s website or social media including bottles that display brands and photos of beer/wine/cocktails by the glass? What about tap handles with logos?

A: Yes, photos of alcoholic beverages, in bottles or glasses, and tap handles with logos are allowed on websites and social media such as Facebook and Twitter. Licensees may advertise alcoholic beverage products they carry (“we have 20 specialty brews on tap including...”), regular prices of drinks, wine pairings, descriptions of signature cocktails, etc. Regulations prohibit advertising related to happy hour or discounted alcoholic beverage prices (drink specials) in any media including newspapers, radio, websites and social media.



2012 MART & RSVP WINTER SCHEDULE

February (MART)

2/7, Fredericksburg
Lee Hill Building II, Suite 101,
10304 Spotsylvania Avenue,
9 am–3 pm

2/8, Lynchburg
Lynchburg Regional ABC
Office, 20353-A Timberlake
Rd., 10 a.m.–4 p.m.

2/15, Chesapeake
Chesapeake Regional ABC
Office, 1103 South Military
Hwy., 9 a.m.–3 p.m.

2/16, Roanoke
Roanoke Regional ABC
Office, 2943 D Peters Creek
Rd., 8:30 a.m.–1:30 p.m.

2/16, Wytheville
Wytheville Meeting Center,
333 Community Boulevard,
9 a.m.–3 p.m.

2/21, Staunton
Staunton Regional ABC
Office, 460 Commerce
Square, 10 a.m.–4 p.m.

2/22, Hampton
Old Dominion University /
Peninsula Higher Education
Center 600 Butler Farm Rd.,
9 a.m.–3 p.m.

2/29, Alexandria
Alexandria Regional ABC
Office (Fairfax County), 6308
Grovedale Dr., 10 a.m.–4 p.m.

March (RSVP)

3/6, Charlottesville
Va. Dept. of Forestry,
Fontaine Research Park, 900
Natural Resource Dr., Suite
800, First floor, 1 p.m.–4 p.m.

3/14, Big Stone Gap
Mountain Empire Community
College, Goodloe Center,
3441 Mountain Empire Rd.,
9 a.m.–1 p.m.

3/14, Lynchburg
Lynchburg Regional ABC
Office, 20353-A Timberlake
Rd., 10 a.m.–1 p.m.

3/14, Roanoke
Roanoke Regional ABC
Office, 2943 D Peters Creek
Rd., 9 a.m.–12 p.m.

3/21, Chesapeake
Chesapeake Regional ABC
Office, 1103 South Military
Hwy., (two sessions)
9 a.m.–12 p.m. & 1–4 p.m.

3/21, Richmond
Brown Distributing, 7986
Villa Park Dr., 1 p.m.–4 p.m.

3/28, Alexandria
Alexandria Regional ABC
Office (Fairfax County), 6308
Grovedale Dr., (two sessions)
9 a.m.–12 p.m. & 1–4 p.m.

3/28, Hampton
Old Dominion University /
Peninsula Higher Education
Center, 600 Butler Farm Rd.,
9 a.m.–12 p.m.

Register Today!

RSVP and MART are unique training programs for *sellers & servers* (RSVP) and *managers & owners* (MART) of Virginia’s licensed establishments, taught by ABC special agents. Register online via ABC’s website and receive automatic email confirmation, directions to the training site and parking instructions. Follow us on Twitter for the latest training news! For more information, contact:

Virginia ABC Education
(804) 213-4688
education@abc.virginia.gov
www.abc.virginia.gov



Here’s what some RSVP attendees have said:

- “The agents are very knowledgeable and able to provide relevant, real life examples.”
- “I wish I had been here before my incident.”

ABC CRIMELINE

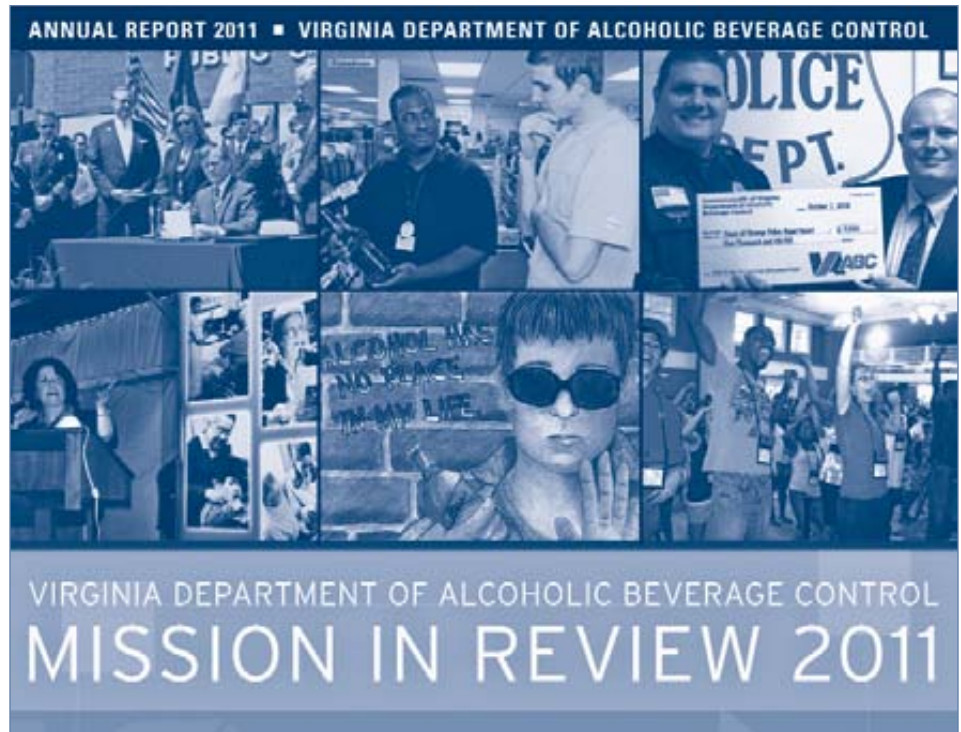
To report a crime relating to any ABC laws, please call ABC’s Enforcement CRIMELINE: (866) 437-3155. Or use the “Violation Complaint Form,” available online at www.abc.virginia.gov.

IDEAS & COMMENTS

If you have an issue or question you’d like addressed in this newsletter, please email pubrel@abc.virginia.gov or call (804) 213-4413. We’re eager to receive your ideas and comments.

2011 Annual Report Available Online

ABC remains committed to the public safety of Virginia's citizens, providing alcohol education for people of all ages; providing excellent customer service at each retail location; and generating a consistent source of revenue for some of the Commonwealth's most important programs. The agency completed Fiscal Year 2011 with sales of \$692.7 million, up \$17.2 million from the previous year. Bureau of Law Enforcement agents conducted 110 training classes (RSVP & MART; see page 9) for 1,828 participants; 8,707 inspections; 2,968 underage buyer compliance checks; 2,213 arrests; and 1,121 tobacco checks. The licensee (alcohol) underage buyer compliance rate remained steady at 90 percent. See ABC's 2011 Annual Report for more information. ♦



www.abc.virginia.gov

WHAT WENT WRONG? Underage Alcohol Sales

Please share this list with every person on your staff who sells alcohol and/or tobacco products. In no particular order, these are the most common circumstances present when sales are made to underage buyers.

Circumstance	Solution
1. "It was busy and I was distracted." Variations of this problem include: the seller was on the phone while he/she rang up the sale; the seller was talking to a friend or another employee; the store or restaurant was busy.	It is your top priority when selling alcohol or tobacco, to focus on the customer and make sure he or she is not underage.
2. "The regular employee who works the cash register is out and I don't usually ring up sales."	All employees need to understand and follow the policies and procedures to prevent underage sales.
3. "I made a math mistake."	Be familiar with IDs. Many, including the Virginia driver's license and ID card have the person's 18th and 21st birthdays. No math required!
4. "I haven't been trained yet." The clerk isn't familiar with the point-of-sale system or overrides the system set up to scan IDs for alcohol or tobacco sales.	Once again, all employees need to follow the policies and procedures for preventing underage sales. If your establishment has a computerized system for scanning IDs, be certain employees receive training and understand how to use the equipment.
5. "I looked at the tobacco date instead of the alcohol date on the ID."	Thumb it! Cover the tobacco date with your thumb and take your time reading the "UNDER 21 UNTIL" date.
6. "He/she looked like a customer I already carded."	Don't risk an underage sale; check the ID every time.

An underage sale of alcohol results in a criminal summons/arrest of the individual who sells and an administrative violation against the license. These costly consequences are avoidable. Train your staff to properly check IDs and make it clear avoiding underage sales is a top priority.

ABC Hearings, Appeals and Judicial Services Division: Fiscal Year 2011 Summary

By Robert S. O'Neal, Director,
Hearings, Appeals & Judicial Services Division

DURING fiscal year (FY) 2011 (July 1, 2010–June 30, 2011), the Hearings Division received 873 cases for processing, including 813 violation reports, 42 contested license applications, 12 contested banquet applications and 6 franchise rights cases. This was a decrease in the total number of cases referred for hearings from 1,040 cases in FY 2010. The number of charges filed per administrative violation report remained constant at 1.42 violations per report, generally the same as FY 2010.

The Hearings Division received 873 cases for processing. This was a decrease from 1,040 cases in fiscal year 2010.

ABC provided dispositions on 787 cases, which included conducting initial hearings on 329 new administrative violation, application, or franchise cases (involving 519 charges or objections) and processing 120 cases that were in the hearing process at the close of last fiscal year. Some of the completed cases involved multiple violation reports and multiple charges that were combined for more efficient hearings. Staff also oversaw preparation and completion of 40 Board appeal hearings, processed 316 final consent settlement offers, and processed 118 offers-in-compromise for review and final acceptance by the Board.

The average civil penalty levied per case decreased slightly from \$1,879 in FY 2010 to \$1,811 in FY 2011. The average suspension period levied per case decreased slightly from 19.0 days in FY 2010 to 17.73 days in FY 2011.

Additional details are available in ABC's 2011 Annual Report, currently available online at www.abc.virginia.gov under "About ABC." ♦

For Teens: YADAPP Summer Leadership Conference

EACH YEAR, ABC hosts the Youth Alcohol & Drug Abuse Prevention Project (YADAPP) summer leadership conference for high school students. At this dynamic summer event, teams of high school students create alcohol prevention plans to put into action back home. YADAPP has been going strong for more than 25 years.

This year's conference, themed "YADAPP University," will take place July 16–20, 2012,

on the campus of Longwood University. Spread the word to teens you know! Students who are interested in attending can visit www.yadapp.org for more information about forming a YADAPP team. Registration begins in February.

"The best part of YADAPP is the amazing bond that everyone grows to have with each other. . . . YADAPP is the most uplifting experience that anyone could participate in. I love YADAPP!" —Danielle E. ♦



**YADAPP
UNIVERSITY**

**28th
ANNUAL
SUMMER
CONFERENCE**

**JULY
16–20
2012**

**Youth Alcohol &
Drug Abuse
Prevention Project
(YADAPP)**

**"WHY
YOU AT
Y.U.?"**

Because YOU have the power to make a difference and influence your peers to make good decisions!

More info @
www.yadapp.com



**VIRGINIA DEPARTMENT OF
ALCOHOLIC BEVERAGE CONTROL**

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Richmond, VA 23261-7491
www.abc.virginia.gov

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**ABC WANTS
TO SOCIALIZE
WITH YOU**



In previous issues of the *Licensee*, we invited licensees to join ABC's growing social media presence.

- Facebook: "Virginia Department of Alcoholic Beverage Control"
- YouTube: www.youtube.com/vaabc
- Twitter: @Virginia ABC

Please check out what's available and join us in the social media realm.

**IN SEARCH OF UNIQUE
LICENSEE PROGRAMS**

Does your business participate in a local program designed to promote public safety? How do you encourage employees to check IDs and avoid underage sales? Are you rewarding employees with something special? Do you have a standard practice for checking IDs? Are you implementing a distinctive compliance program?

The *Licensee* would like to share more stories about licensee initiatives launched to foster responsible consumption, voluntary compliance & public safety. Please email your stories to pubrel@abc.virginia.gov.