



TTB Adopts Grace Period for Beer, Wine and Spirits Wholesalers and Importers to Disclose Change in Ownership

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On July 5, 2019, the Alcohol and Tobacco Tax and Trade Bureau (“TTB”) issued TTB Industry Circular 2019-2 advising that certain eligible beer, wine, and spirits wholesalers and importers shall have until December 31, 2019 to disclose previously unreported changes in control or change in proprietorship of the wholesaler’s business without civil or criminal penalties for failure to disclose such changes within thirty (30) days as required by 27 U.S.C.A. § 204.

Why is it important to follow the TTB procedures related to changes in control, management and proprietorship?

Your permit to operate depends on it. The Federal Alcohol Administration Act provides that a permit *automatically* terminates if a wholesaler or importer fails to make an application to the TTB regarding certain changes to the wholesaler or importer’s business.

Examples of events that could require notice to the TTB include (i) when a business is sold to a new person or entity; (ii) when the business changes entity type, such as from a corporation to a limited liability company; (iii) when a family member dies and the business is left to an heir; (iv) when there is a change of officers, directors, or other person that exercises managerial control over a business’s regulated operations; and (v) when there is a change of general partners within a partnership. In the Circular, the TTB has stated that it “will exercise its enforcement discretion by not seeking civil or criminal penalties for continuing to operate while TTB reviews applications submitted in accordance with this program. . . . [and] will not seek to deny these applications on the sole basis that the industry member operated without a permit, provided the industry member otherwise operated in compliance with the statutes and regulations administered by TTB, and provided that the industry member (including any officers, directors, or principal interest holders) is not disqualified from obtaining a permit.”

Is your business eligible for The Temporary Voluntary Disclosure Program?

The Temporary Voluntary Disclosure Program is available to wholesalers and importers of beer, wine and spirits that hold a TTB permit only as a wholesaler and/or importer of alcohol beverages and no other TTB permit, notice, or registration. The program does not apply to changes in control or proprietorship violations already discovered by TTB, or to wholesalers or importers who have been notified of a TTB investigation or audit.

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