


STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION

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Division Director of Liquor Control
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May a Manufacturer, Out-of-State Shipper, or Wholesaler Provide Business Meals or Entertainment to a Liquor Retailer without Violating Connecticut State Statute 30-94?

This memo is designed to provide clarification as to the department's position as it relates to whether a manufacturer and out-of-state shipper (hereinafter referred to as "supplier"), or wholesaler may lawfully provide business meals or entertainment to a liquor retailer without violating section 30-94 CGS.

The department believes that limited retailer entertainment activity to facilitate relationship building between suppliers and retailers, and between wholesalers and retailers, is a lawful and acceptable business practice in the alcohol beverage industry in Connecticut.

In relevant part (see italics), sec. 30-94 states that:

Sec. 30-94. Gifts, loans and discounts prohibited between permittees. (a) No permittee or group of permittees licensed under the provisions of this chapter, in any transaction with another permittee or group of permittees, shall directly or indirectly offer, furnish or receive any free goods, gratuities, gifts, prizes, coupons, premiums, combination items, quantity prices, cash returns, loans, discounts, guarantees, special prices or other inducements in connection with the sale of alcoholic beverages or liquors. No such permittee shall require any purchaser to accept additional alcoholic liquors in order to make a purchase of any other alcoholic liquor.

Whether the furnishing of business meals or entertainment to a retailer is an improper inducement under section 30-94 CGS, depends on the facts and circumstances of each instance.

An underlying purpose of section 30-94 was to eliminate incentive or inducement programs that would artificially increase the consumption of alcoholic liquor, or otherwise artificially stimulate the sale of such alcoholic liquor, by tying an additional benefit to its purchase.

Federal regulations, and most states, allow for the furnishing of business meals and/or entertainment so long as it neither is designed to, nor results in, the artificial stimulation of alcoholic liquor sales, or the full or partial exclusion of products sold by other wholesalers/suppliers.

In addition, a supplier or wholesaler may give or sponsor educational seminars for employees of retailers at either the supplier's, wholesaler's, retailer's premises or a third-party location. Examples would be training seminars for employees of retailers, seminars dealing with the use of the retailer's equipment, or tours of the supplier's or wholesaler's plant premises. However, this does not allow for the supplier or the wholesaler to pay a retailer's expense in conjunction with an educational seminar (such as travel and lodging). Nominal hospitality, to include food service with wine, may be provided however.

Suppliers may furnish a meal or meals and entertainment (for example, attendance at sporting event, concert, and plays) to a retailer or its employees as long as it is part of a bona fide business meeting or reasonably designed to maintain a good business relationship with the retailer. In that circumstance, a representative of the supplier must be in attendance at the event in question and the aggregate amount of the monetary value provided to a retailer by a supplier may not be so great so as to be seen as excessive or unreasonable in light of the limited purpose of the event.