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Iowa Wine Retailer Sting Demonstrates Need for Permits for Out-of-State Retailer Wine Shipments

—Wine Wholesalers Wade Into Controversy With Double Standard Linked to Self Interest—

Sacramento, Calif—A media sting in Iowa carried out by the Daily Iowan last week that caught an out of state retailer shipping wine direct to an Iowa college student in violation of that state’s law prohibiting direct-to-consumer sales by out-of-state retailers, demonstrates the need for new permit systems to be put into place around the country for retailer-to-consumer wine shipments. The event also brought to light the double standard wine distributors embrace when it comes to what sort of sales are dangerous.

It is also the view of SWRA that this sting demonstrates the need for a new permit to be issued in all states that allow any degree of direct shipment of wine to consumers. Retailers, not having been faced with any degree of enforcement by state regulators, shipped to states where the laws were unclear. By creating a permit system under which retailers may ship wine direct to consumers across state lines, states can create a mechanism for better regulating the flow of wine as well as assuring taxes are paid on shipments.

PERMITS, ON-LINE AGE VERIFICATION AND ENFORCMENT CREATE SAFE ENVIRONMENT FOR RETAILER-TO-CONSUMER WINE SHIPMENTS

The media sting also demonstrated how on-line verifications systems, such as the IDology system recently endorsed by SWRA, combined with stings can lead to a safe a well regulated environment in which consumers can obtain the wines they desire that have not been provided by the in-state wholesaler networks. It is also noteworthy that both Iowa and Illinois are in a position to punish the violating retailer, pointing again to the fact that affective methods of enforcement of state alcohol regulations are available to state alcohol agencies.

Last week’s sting in Iowa also revealed the double standard employed by the Wine & Spirit Wholesalers Association and wine wholesalers in general when Craig Wolf, the WSWA’s President, issued a press release following the sting in which he breathlessly claims, “Online retailers are playing fast and loose with alcohol laws -- shipping beer, wine and liquor with no fear of being caught doing something illegal - including selling to kids.”

WINE WHOLSALERS ISSUE A TEMPER TANTRUM DISGUISED AS PRESS RELEASE

“Mr. Wolf’s tantrum, disguised as a press release, begs the question, what interest do wholesalers have in laws regulating retailers,” asked SWRA executive director Tom Wark.

“The wholesalers don’t send out press releases daily when wine is sold illegally to minors at brick and mortar retailers across the nation. Given their near hysterical reaction to this rare instance in which an interstate shipment of wine breaks the law, you’d expect Mr. Wolf’s organization to be issuing heart pumping press releases daily explaining how ‘fast and loose’ brick and mortar retailers are playing with the law when they sell to minors on a regular basis But they don’t issue these press releases. Why?

“The answer is because the distributors already made a profit on the sale that ended up in minors hands when they originally sold the wine to the brick and mortar retailer in the state where they operate. However, the wine middlemen in states to which a wine is being delivered from an out-of-state retailer don’t make any money because the product didn’t first go through their hands. It’s only then that meetings are called, press releases are swiftly issued and righteous indignation drips from their lips.

“When wholesalers start issuing press releases when brick and mortar wine shops make their first, second or even 500th illegal sale to minors, then we’ll take seriously anything the Wine & Spirit Wholesalers Association has to say. Until then we’ll write off their self-indulgent tantrums and remind politicians and consumers that the state clearly has successful ways to catch and punish wrong-doers and that retailers, just like wineries, should be permitted to ship direct to consumers under a well-regulated permit system.”

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