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ALCOHOLIC BEVERAGE CONTROL COMMISSION

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Memorandum

TO: All NC Wholesaler Permittees
FROM: Renee C. Metz, Chief Counsel
DATE: October 4, 2019
RE: Nondiscriminatory pricing (wine)
Supplier ownership interest
Brand registration fees

- I. The ABC Commission ("Commission") would like to reiterate to wine wholesalers in North Carolina of the obligation to offer nondiscriminatory service and pricing to all retailers within a wholesaler's designated territory. Wholesalers have historically offered "channel pricing" – different pricing for on-premise accounts than for off-premise accounts. In 2011, however, G.S. §18B-1203 was amended to require wholesalers to treat each retailer within its designated territory without discrimination. This prohibits channel pricing.
- II. The law regarding supplier interest in a wholesaler (G.S. §18B-1119) was changed significantly in 2018. It now reads as follows:
§ 18B-1119. Supplier's financial interest in wholesaler.
 - (a) **A supplier or an officer, director, employee or affiliate of a supplier may not acquire, possess, or otherwise maintain an ownership interest in a wholesaler** except as expressly authorized by this Chapter.
 - (b) Repealed by Session Laws 2018-100, s. 7(b), effective June 26, 2018.
 - (c) A supplier or an officer, director, employee or affiliate of a supplier may have a security interest in the inventory or property of its wholesaler to secure payment for such inventory or other loans for other purposes. (1989, c. 142, s. 2; 2018-100, s. 7(b).)

Please ensure you are complying with this law.

- III. The ABC Commission will cease charging \$10 for registration of malt beverage and wine products.

Please feel free to share this information with other interested parties.

Enforcement for the above-noted matters will begin on JANUARY 31, 2020.