

Confidential

LIQUOR INDUSTRY LETTER

Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors

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April 24, 1944

Dear Sir:

The intelligent public at home appeared this week to be "speaking out in the open" a few of the things we in the Industry have long known. These who spoke do not hold electoral office, their words do carry weight ... help us as an Industry.

Admiral Thomas C. Hart, in an Associated Press report confounded many drys, making them swallow a long promoted false statement about drunkenness at Pearl Harbor, when he said he would "absolutely deny" that intoxication among service men had anything whatever to do with the huge loss in the Japanese attack which opened the Pacific war.

Fulton Lewis, Jr., over the coast to coast Mutual Network, was first to announce the W.P.B.'s approval of distillers, who through their "all out" production of industrial alcohol during the last two years have made full production of synthetic rubber possible nine months ahead of schedule. It is worthy of note that no distiller has received an "E" award for war production -- could it be due to the fact that government authorities are unwilling to grant such an honor to a firm engaged in the whiskey business in the face of the present strong dry sentiment in the country?

Taxes and price ceilings still represent puzzling problem to many dealers. Here are timely information and suggestions it will pay you to listen to and follow:

Inventory of floor stocks. Deadline, or final day for having your inventory in to the Collector of Internal Revenue is May 1, 1944. To avoid paying a penalty, get your tax money and your inventory in at once. Don't write to us -- send your inventory forms to the Collector of Internal Revenue, Customs House, Denver, 2, Colorado. You must furnish your own inventory sheets. Your complete inventory and the money covering the amount of the tax should be mailed with the Original and Duplicate of Form 758 to the Collector of Internal Revenue. You keep the triplicate of form 758 for ur records.

Here is penalty for failing to make return of floor tax:

For first month or part of month, you will be charged a 5% penalty. 5% will be added to the penalty each month up to a total of 25% for a five months delay.

If you do not have 758 forms, don't wait another day to get copies for making your return. Write or call the Collector of Internal Revenue.

Ceiling prices on beer. Do not lose money on beer because you don't know how to adjust your prices. Find out. Consult your brewery or distributor.

Here again is amount package stores can add to prices of beer:

This explanation may help you. If you were selling beer in October 1941, for \$1.89 per case, and if your highest price in March 1942, was \$1.89, and has not been changed in all that time, you are now permitted to add 18 cents to your price, making it now \$2.07. If you were selling beer at \$1.89 in October 1941, but raised your price before the end of March 1942, you may now add 15 cents per case to the highest price charged by you in March 1942. For instance, suppose you raised your price previous to that time to \$2.00 per case, you may now add 15 cents, and sell beer at \$2.15 per case.

Suppose you don't know what your price was in October 1941.

You may still add 15 cents per case to the highest price you sold it for in March 1942. All you must actually know is how much you got for beer in March 1942. Then add 15 cents per case to that price, and you will not be in violation of the law. For amount you may add per bottle, refer to our last letter, or ask your supplier.

Do not sell beer at 10 cents per bottle if you were selling it 3 for 25 cents in March 1942. You should now sell that same unit for 27 cents.

Enough for beer. We admit the problem is confusing, but from now on be sure you are right. Don't lose money and don't exceed ceiling prices. Be right!

Liquor Industry may have OPA representation: OPA authorities have expressed the desire to cooperate with a committee from the Industry on matters of price regulation. The Industry will have a voice in this vital new phase of government, as soon as a committee is selected. Such a committee will do much toward alleviating inequalities and errors of administration by offering practical advice and cooperation to authorities. This does not mean that OPA will relax its enforcement, but it will try, through this means, to make its enforcement based on practical facts and a clear knowledge of Industry conditions, with Industry being given a voice in the matter.

The State Liquor Department is making a drive to check invoices. In our last letter we advised you to keep your invoices. The Federal law requires that you must have your invoices on hand for two years. The State requires that you have them on hand until all liquor covered by the invoice has been sold.

Stamp cancellations will also be checked. Put your stamp on liquor immediately after it is received -- before it is stored away.

Self regulation on sales to minors continues in every part of the Nation. Tavern groups throughout the Nation are increasingly exerting their efforts to curb sales of alcoholic beverages to minors. A wide variety of methods is being employed, but best seems to be "WHEN IN DOUBT, DON'T SERVE." The only effective way to avoid trouble when a customer of doubtful age asks for a drink is to "REFUSE TO SERVE HIM." Ask yourself: Can you afford to lose your license, can you afford to lose the goodwill of your fellow business men and your wholesaler just for the sake of the ill-gained profit from a single sale to a minor.

Colorado violations are on decline: Reports from authorities point to a remarkable improvement in the retail Liquor Industry during the last month alone. There is a general and potent trend to get rid of retailers who can not operate a legitimate place of business. The responsible people of the Industry are even more anxious than the various enforcement agencies to see that law violators, black marketers, and drunk makers be put out of circulation as quickly as possible. There are so many decent, law-abiding liquor establishments, that it is no longer necessary to put up with those who bring disrepute to the Industry.

Liquor shortage now world-wide. The liquor shortage is as acute in Europe as it is here. Authoritative reports state that in the city of Glasgow, birthplace of Scotch Whiskey, a recent wholesale auction of whiskey brought \$11.00 to \$16.00 per bottle.

Shortage here due to war demands: Not a drop of whiskey has been made since October 8, 1942. The beverage distilling industry, converted entirely to war alcohol production, today produces about half of the industrial alcohol used for synthetic rubber, smokeless powder, and other war purposes. At the same time the Industry has maintained its position as the number one excise tax collector of the nation; possibly because distillers have traditionally maintained a four year supply of whiskey in storage for aging. Taxes last year totaled \$1,454,201,727.00. The amount of tax indicates to some extent just how much of our limited supply of whiskey is being used up, as well as showing how valuable an asset the Industry is to the country.

Less and less whiskey will be available each month: As last reported by the Distilled Spirits Institute, 44.7% less whiskey was delivered to wholesalers in 1943, even though deliveries had already been curtailed in 1942. Unless victory comes soon, America may find itself out of whiskey.

Decrease in amount of whiskey going to consumers is greater in monopoly states. Figures show that Colorado retailers received 19.3% more whiskey than was received by retailers in the average states having state monopoly.

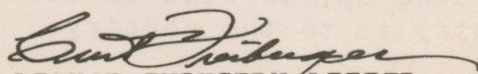
Prospects for next six months: Present whiskey supplies to wholesalers will take care of about 50% of demand. Rum, cordials, brandy and gin will be good merchandise to have on hand this year. Some wines, dry varieties, will continue available; beer supplies due to shortage of grain will become an acute shortage, possibly this summer.

Ceiling price muddle is not without humor: In an Associated Press story last Wednesday it was reported that some federal officials were in the cellar of despair. "How," asked United States Marshal Robert Clark of Los Angeles, "am I going to decide who gets, say, a case of Bourbon when more than one person has bid the ceiling price?" A ruling of the Federal Judge, Harry Hollzer, stated that the liquor could not be sold above ceiling price. Well, that gives the O.P.A., the U. S. Marshal, the auctioneer, and a few others something to think about. Incidentally, the U. S. Attorney is still trying to figure it out. Kind o' puts them in our class, doesn't it?

Your letters are welcome: We have received many questions as a result of your receiving these letters. We want you to continue to write in for information. Give us your problems, let us supply you with the information that will help you with the operation and self regulation of your business. We have contacts with all members of the Industry and with all of the Federal, State, and City enforcement, tax and OPA authorities. Usually we interview these people before writing each letter. They are our source of news. We can get answers for you. WE CAN NOT ANSWER EACH LETTER INDIVIDUALLY -- but we will attempt to answer your questions in these semi-monthly letters, and thereby give the entire Industry the benefit of the information. No names will be mentioned, of course.

These letters are written for you - to keep you fully informed on conditions within the Industry. They will serve as a factual guide for your decisions. Watch for your copies. If you move or change addresses, you must notify us, or your name will automatically be dropped from our mailing list.

Yours very truly,


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