

*Confidential*

# LIQUOR INDUSTRY LETTER

*Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors*

★

August 16, 1944

Dear Sir:

Colorado dealers asking the why of advertised whiskey sales in Denver papers should know that this is whiskey acquired by them under certain dividend rights given them by reason of stock ownership in various distilleries. Such rights were converted to warehouse receipts, and converted by them to case goods; and, although these whiskeys were shipped through the regular channels, they did not affect regular "quota Stocks". Limited supply of whiskey obtained from these sources will soon be exhausted.

Important thing for majority of dealers to understand is that wholesalers are still short of regular brands. Are doing their best to distribute the limited supply fairly among all their old retail dealers.

New interpretation from Federal Alcohol Tax Unit warns dealers on return of merchandise to wholesalers. In a bulletin dated July 18, 1944, the Treasury Department states: "Where a dealer purchases liquors from a distributor and there is a passage of title thereto from the distributor to the dealer, the subsequent return of the liquors by the dealer to the distributor for credit represents a transfer of title for a monetary consideration (the credit) and constitutes a sale." A sale which, if in wholesale quantities, requires a Wholesale Stamp.

In plain language a dealer must not return wholesale quantities of liquors (5 gallons or over) to a wholesaler for credit unless he wishes to be liable for a \$110.00 wholesale tax stamp. Retail quantities (under 5 gallons) may be returned for credit on dealer's present retail tax stamp, providing wholesaler agrees to accept it.

By arrangement with the wholesaler, merchandise may be EXCHANGED as long as no credit memo is issued. But this exchange must be made with the same wholesaler from whom the liquors were originally purchased.

Here's best advice: If you should have more than five gallons of merchandise to return to the wholesaler from whom it was purchased, do this: -- Make arrangements for the exchange with your wholesaler. Then, write him a letter stating that you are exchanging it for other



merchandise. Then, hold carbon copy of letter in your place of business as your evidence of the exchange. If you accept a credit for the merchandise, it changes hands and thereby you make yourself a wholesaler, and are liable for \$110.00 tax stamp.

The notice relating to the return and exchange of goods probably results from wrong judgements in making purchases: Many dealers have purchased excessive stocks of rum, gin, liqueurs, etc., now want to exchange it for other merchandise. But, government authorities will not permit wholesale returns. We've warned against buying other liquors, in order to get whiskey, in this letter many times. For the sake of late-comers we warn again, don't buy what you can't sell. Don't later try to unburden bad purchases on the wholesaler. The laws won't permit it.

Whiskey, particularly desirable brands, will not be available in quantity for many months. So, like every smart merchant, retailers must continue to merchandise their stocks. Sell liquors that are and will be available. Overstocks of gin and rum can be moved at a profit ... don't be too quick to ask your wholesaler to exchange it for you.

Most consumers know values: They know that the strip stamp on bonded whiskey is green, that the red strip stamp is placed on whiskies of less than 100 proof. Don't mis-represent. Instruct your clerks on this matter and others. Tell them not to give wrong impressions or "sell" merchandise to customers by telling them it has qualities which are not there. Too many clerks try to "kid" the public ... it hurts the Industry and particularly your own business.

News reports indicate the State of Colorado need not refund beer tax. The question of returning tax collected by the State on beer shipped to military installations has been at least temporarily settled according to Attorney General Gail Ireland. He conferred with army officers from Omaha last week, in regard to a recent U.S. Supreme Court decision which has been advanced as prohibiting the state from charging tax on beer delivered to post exchanges. As these taxes go into the old age pension fund here in Colorado, excitement was caused by the report that they might have to be refunded. The demand for exemption from payment of the tax came from the Military, not from local brewers according to our latest information.

Suspension of licenses for selling to minors is still most important concern of the Industry. While an amazing number of such violations have been eliminated there are still a few operators who can not control the situation. It's a job you must do YOURSELF. Enforce-

ment authorities are checking taverns and night clubs for this offense constantly. Everyone agrees that it is hard to judge age ... but, you should not take a chance. Make them show a driver's license if you're in doubt. Serving of minors is the strongest plank in the Dry's platform. Retailers are making great strides toward the entire elimination of it. When you serve a minor you are breaking down all the goodwill that has been built up by the rest of the Industry.

Whiskey price in England has fallen: In the London Daily Express of July 21, it was stated that the price of Scotch Whiskey sold at auction had dropped slightly: From 4 Pounds and 13 Shillings a bottle to 3 Pounds and 10 Shillings. Brandy was down slightly and gin dropped 25 percent. This would indicate that less alcohol is being used for war purposes in Europe. Should mean that eventually there'll be lower-priced whiskey available throughout the world.

The attitude of the English authorities toward the tavern contrasts with that here. Another article in the Daily Express quotes a Capt. Dyer, in charge of licenses as saying: "What we want to avoid is the wholesale closing of houses. (Due to rationing.) So far London has been lucky in avoiding this trouble, which has occurred in the provinces." Licensees, Capt. Dyer added, "will decide for themselves their best way of rationing, but the main idea is to keep the houses (taverns) open so that people can still come in and talk. Attempts should also be made to keep a little extra for the weekend."

State liquor tax collections for month of July \$275,000.00. Excise taxes paid on spirituous liquors amounted to \$201,196.00; on wines \$16,238.00; and, on beer \$53,362.00. This does not include Federal Taxes. The first seven months of 1944 show a net gain in receipts of \$255,266.00, or 15.82 percent, over the same period last year. Liquor taxes are one of the State's greatest sources of revenue.

Shortage of grapes, transportation, containers etc., reduced commercially-produced wine consumption in 1943 for the United States by 16.7%. Consumption of California Wine was cut by 23.7% from 1942. However, per capita consumption in Colorado, according to an authoritative survey, was just slightly more than in 1942. At present there are a greater number of varieties on the market here, and prospects are reasonably good for an adequate supply in 1944.

Canada also granted liquor "holiday". Distillers in Canada will be permitted to manufacture beverage spirits from time to time over the balance of the year, according to recent dispatches. Most of Canadian whiskey will go into storage for aging.




Liquor and Wine Industries have again exceeded quota in War Bond purchases. Still incomplete returns show that the Industry has purchased \$138,000,000 more than the quota of \$325,000,000 for the Fifth War Loan Drive. It is reliably reported that final returns will show purchases of over \$500,000,000 for the Industry.

Congratulations to Colorado Dispensers for "Notice Minors" signs. These placards warning minors to keep out are being prominently displayed by a great many retailers ... should produce desirable results. But supervision and careful scrutiny of all customers is as necessary as ever.

Ohio signs say: "Please excuse us if we ask your age. To protect you and ourselves, the laws of Ohio demand that we know definitely that you are of legal age." This is good ... many retail tavern operators would do well to memorize this phrase. No one could take offense at such a remark.

Cartons and bottles extremely short. The Industry urges you to cooperate with the government in saving waste paper, and in reducing further waste by seeing that cartons and boxes are returned to your wholesaler. Worst shortage will develop during next two or three months.

Cordially,

  
LIQUOR INDUSTRY LETTER  
P. O. BOX 2250  
DENVER, 1, COLORADO

No Quotations. No Copying. May Not Be Reprinted.

*The entire preparation, printing and mailing cost of these letters is being defrayed by the following Colorado business firms:*

E. J. CAMPBELL WHOLESALE LIQUOR CO.,  
DENVER  
A. CARBONE COMPANY, DENVER  
CARRICK COMPANY, COLORADO SPRINGS  
COLORADO ALCOHOL COMPANY, DENVER  
COLORADO BEVERAGE CO., DENVER

MIDWEST LIQUOR CO., DENVER  
M. OCCHIATO MERC. CO., PUEBLO  
POMEROY & POMEROY, STERLING  
REULER-LEWIN & CO., DENVER  
C. D. SMITH DRUG CO., GRAND JUNCTION  
WESTERN DISTRIBUTING CO., DENVER