

To: All Manufacturers, Wholesalers and Retailers of Alcoholic Beverages

Subject: Adjustments to Delinquent (C.O.D.) List Reporting

This advisory assumes compliance with attached Bulletins #166, 338 and 339 as well as Divisional Order #719.

Unless otherwise defined herein, capitalized terms shall have the same meaning they have in Section 101-aa of the Alcoholic Beverage Control Law.

Each supplier and each wholesaler that sells wine or spirits to Retail Licensees (hereinafter "Wholesaler") may allow any Retail Licensee to opt to receive notices and information via email from the Wholesaler. The following rules shall apply to the relationship between a Wholesaler and each Retail Licensee that has opted to receive information from that Wholesaler via email.

On or before the Final Payment Date, the Wholesaler shall email (hereinafter the "First Notice") the Retail Licensee a list of all invoices which are due on the Final Payment Date and remain unpaid along with a statement setting forth the Notification Date and a statement that the Retail Licensee will be placed on the Delinquent List if payment of all outstanding invoice balances due for alcoholic beverage purchases and/or delivery charges arising there from has not been received by the Notification Date.

In the event any amount due for alcoholic beverage purchases and/or delivery charges arising there from on each invoice on the First Notice has not been paid in full, on the Notification Date the Wholesaler shall report the delinquency to the State Liquor Authority ("Authority") and send a copy of such notice via email to the Retail Licensee.

In the event a Retail Licensee notifies the Wholesaler prior to the Notification Date that it has a dispute either as to the fact of payment or as to the amount due for such alcoholic beverages or as to the quantity of the alcoholic beverages sold or delivered, and provided (i) the Wholesaler believes the dispute may be valid and (ii) the Retail Licensee has paid all portions of each invoice which is not in dispute, the Wholesaler shall delay giving notice to the Authority for a period of not more than seven calendar days, during which time the Wholesaler shall investigate the Retail Licensee's claim. In the event the Wholesaler agrees that the Retail Licensee is entitled to an adjustment in the amount due the Wholesaler shall make the appropriate adjustment to the invoice.

As soon as practicable after the Wholesaler determines that it does not believe there is a valid dispute either as to the fact of payment or as to the amount due for such alcoholic beverages or as to the quantity of the alcoholic beverages sold or delivered and provided, but in no event later than seven days from the original Notification date, if any amount remains unpaid the

Wholesaler shall send the Retail Licensee, via email, a notice that a balance remains due and as a consequence the Wholesaler is sending Notification to the Authority and that the Retail Licensee will be placed on the Authority's Default List.

In the event that a dispute remains between a Wholesaler and a Retail Licensee to whom it sold alcoholic beverages, either as to the fact of payment or as to the amount due for such alcoholic beverages or as to the quantity of the alcoholic beverages sold or delivered, which dispute has not been adjusted between them, resulting in placement of the Retail Licensee on the Delinquent List, the Retail Licensee shall notify the Authority. The Authority may elect to receive statements or other documentary evidence from each of the parties to such dispute as to the facts and circumstances thereof and determine whether or not such Retail Licensee's name should continue to be published on the Delinquent List. In the event that the Authority does elect to review the dispute, both the Retail Licensee and the Wholesaler shall be so notified via electronic mail and given a maximum of five business days to provide the Authority with documentary evidence relevant to the dispute, after which the Authority shall promptly render a determination on the merits of the dispute and take appropriate action. Wholesalers are solely responsible for providing the Authority's Wholesale Bureau with a designated electronic mail contact for receipt of notifications from the Authority that any such five business day period has commenced; lacking same, the Authority shall utilize best efforts to contact Wholesaler and/or known Counsel of the Wholesaler.

It is the purpose of this directive that the email notifications procedures set forth herein substitute for first class mail notification for those Retail Licensees who opt to receive such a notice. No charges will be brought against any Wholesaler that complies with the provisions of this directive because it failed to send a notice to the Retail Licensee via first class mail.

Within ten days of receipt, a Wholesaler shall use reasonable commercial efforts to test the email address received from a Retail Licensee. It shall be the Retail Licensee's responsibility to notify the wholesaler that it has not received the email confirmation within such ten day period. A Wholesaler that makes a good faith effort to comply with this directive will not be held liable for inadvertent failures due to mistakes in obtaining and implementing email addresses, provided the wholesaler acts promptly to correct mistakes called to its attention by the Retail Licensee.

Each Wholesaler shall maintain records by which the Authority can track compliance for a period of two years.