



COMMONWEALTH of VIRGINIA

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CHIEF OPERATING OFFICER/SECRETARY TO THE BOARD
W. CURTIS COLEBJRN, III

CIRCULAR LETTER 1-01

TO; EACH MANUFACTURER, WHOLESALER AND RETAIER OF
ALCOHOLIC BEVERAGES

SUBJECT: COOPERATIVE ADVERTISING

The ABC Bureau of Law Enforcement is experiencing an increase in the number of tied house violations concerning cooperative advertising. "Merchandising Dollars" are being supplied by manufacturers and wholesalers to retailers through the use of radio, television and print advertising.

Section § 4.1-216 of the Code of Virginia prohibits manufacturers and wholesalers from selling, renting, lending, buying for or giving to any retail licensee any money, equipment, furniture, fixtures, property, services or anything of value with which the business of such retail license is or may be conducted.

Section § 4.1-323 of the Code of Virginia prohibits any person from aiding or abetting any other person in any ABC violation and provides a penalty of up to a \$2,500 fine and/or up to one year in jail.

Section 3VAC5-20-10 of the Virginia Administrative Code prohibits cooperative advertising and clearly defines that "cooperative advertising" shall mean the **payment or credit, directly or indirectly**, by any manufacturer, bottler, importer or wholesaler whether licensed in this Commonwealth or not to a retailer for all or any portion of advertising done by a retailer.

HELD: Manufacturers or Wholesalers who provide a retailer with any payment or credit directly or indirectly, including through the use of a third party advertiser are subject to criminal penalties themselves and civil sanctions against their license. Advertisers aiding or abetting in a violation are subject to criminal charges.

INQUIRIES: Any inquiries or concerns should be directed to SAC Shawn P. Walker, Compliance Unit, P.O. Box 27491, Richmond, VA 23261.

W. Curtis Coleburn, III
Chief Operating Officer/Secretary To The Board