



Press Release

For Immediate Release
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May 10, 2011
FY-11-4

TTB Accepts \$1.9 Million to Settle Violations of the Federal Alcohol Administration Act

Washington, DC – The Alcohol and Tobacco Tax and Trade Bureau (TTB) has accepted offers in compromise totaling approximately \$1.9 million from six companies alleged to have violated the tied house “slotting fee” provisions of the Federal Alcohol Administration Act (FAA Act). This is the largest set of offers in compromise ever accepted by TTB for trade practice violations.

The companies and their offers in compromise are: Diageo North America, Inc. - \$650,000, Pernod Ricard USA, LLC - \$300,000, Moet Hennessey USA, Inc. - \$275,000, Bacardi USA- \$262,500, Future Brands, LLC- \$250,000, and E. & J. Gallo Winery - \$225,000. As a part of the settlement agreements, each company denied violating any laws or regulations.

The allegations of tied house violations stem from the companies’ participation in the 2008-2009 Harrah’s Nationwide Beverage Program. The TTB investigation, which focused on activities in the Las Vegas area, alleges that the companies collectively furnished nearly \$2 million in inducements through a third party to Harrah’s Entertainment’s hotel and casino subsidiary corporations during the two year period of the program. TTB alleges that the purpose of these inducements was to obtain preferential product display and shelf space (also known as slotting fees) at Harrah’s Hotels and Casinos

Payment of slotting fees by an alcohol beverage supplier to an alcohol beverage retailer is an unlawful marketing inducement which creates an artificial barrier to open and fair competition especially for small to medium-sized companies that cannot pay such fees.

TTB remains committed to maintaining a fair and competitive alcohol beverage marketplace where companies can do business on an equal and lawful basis and will continue to vigorously enforce the trade practice sections of the FAA Act.

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