

**K A N S A S**

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
ALCOHOLIC BEVERAGE CONTROL

KATHLEEN SEBELIUS, GOVERNOR

April 14, 2003

### **ABC Notice – Industry Member Support of Retail Sponsored Golf Tournaments**

Dear Licensee,

The ABC has received several questions recently concerning industry members (suppliers, manufacturers or distributors) sponsoring or being solicited for monetary and other types of donations to support retailer (retail liquor stores, drinking establishments and clubs) golf tournaments. This ABC Notice is provided as an initial response to these questions and sets forth the foundation for a future Policy Memorandum on this issue. The conditions surrounding a charity, not-for-profit or association hosting golf tournaments are different and will be addressed in the future policy memo. This Notice applies only to individual licensee's conducting tournaments.

Industry members' sponsorship or support of retailers' golf tournaments – by providing cash, products, advertising or consumer advertising specialties, or participation fees in excess of those charged to other participants – violates several provisions of the Kansas Statutes and Administrative Regulations. The key provisions that support this conclusion – with emphasis provided in italics – are as follows:

**K.S.A. 41-702.** Gifts and credit from manufacturer or distributor prohibited. (a) Except to the extent permitted pursuant to K.S.A. 41-703 and amendments thereto, *no licensed retailer, club, drinking establishment or caterer*, or any officer, associate, member, representative or agent thereof, shall accept, receive or borrow *money or anything else of value*, or accept or receive credit, directly or indirectly, from: (1) Any manufacturer or distributor; (2) any person connected with, in any way representing or a member of the family of a manufacturer or distributor; (3) any stockholders in a manufacturer or distributor; or (4) any officer, manager, agent or representative of a manufacturer or distributor.

(b) Except to the extent permitted pursuant to K.S.A. 41-703 and amendments thereto, *no manufacturer or distributor* shall give or lend *money or anything of value* or otherwise loan or extend credit, directly or indirectly, to any retailer licensed under this act or under K.S.A. 41-2702 and amendments thereto, or to any licensed club, drinking establishment or caterer, or to the manager, representative, agent, officer or director thereof.

**ABC Notice – Industry Member Support of Retail Sponsored Golf Tournaments**

**April 14, 2003**

**Page 2**

**K.S.A. 41-703.** Gifts, loans and interest in customer's business by manufacturer or distributor prohibited, exceptions. (d) (1) *A manufacturer or distributor may furnish things of value to a licensee under the club and drinking establishment act or to a retailer licensed under the Kansas liquor control act or under K.S.A. 41-2702 and amendments thereto to the extent permitted by rules and regulations adopted by the secretary pursuant to subsection (e).*

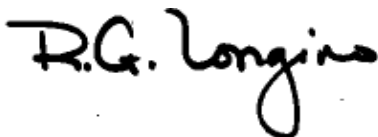
**K.A.R. 14-14-11.** Prohibited conduct of licensees. (a) *No manufacturer of alcoholic liquor or cereal malt beverage holding a manufacturer's license issued by the director, manufacturer of alcoholic liquor or cereal malt beverage outside of this state manufacturing alcoholic liquor or cereal malt beverage for sale and distribution within the state, licensed distributor within the state, or their agents, salesmen or representatives shall offer, give or furnish, directly or indirectly, any gifts, prizes, coupons, premiums, rebates, quantity discounts, entertainment, decorations, or the services of any employee, including errands and administrative services, or any other inducement or thing of value of any kind to a licensed retailer, club, drinking establishment or caterer or to an applicant for a retailer, club, drinking establishment or caterer license except as provided in Article 10.*

Article 10, in turn, fails to include any "exceptions" within which something like an industry member's contributions to a retailer's golf tournament would fall. Rather, the exceptions in Article 10 allow distributors to supply only such things as coil cleaning service (K.A.R. 14-10-8) and consumer advertising specialties (14-10-10). Therefore, the broad prohibitions of K.S.A. 41-702 prevail, and industry members are prohibited from sponsoring or making any financial or other contributions to golf tournaments held by retail-tier licensees.

Nothing in this Notice should be construed as prohibiting the mere participation of industry members or their employees in retailers' golf tournaments. A violation would occur only when industry members or their employees provide cash, products, advertising, consumer advertising specialties, or participation fees in excess of those charged to other participants, in support of such golf tournaments.

Your cooperation in this matter is greatly appreciated. Any further questions may be directed to our office in writing.

Sincerely,



R.G. Longino  
Director