
SLA Announces \$750,000 Fine for Wholesaler

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On October 7, 2014, the State Liquor Authority accepted a Conditional No Contest offer of \$750,000 from Palm Bay International (PBI), a wine and spirits wholesaler.

The SLA charged PBI on September 1, 2014, with six violations of the Alcoholic Beverage Control (ABC) law. The charges include engaging in discriminatory sales, selling products at deep discounts to select retailers, posting multiple prices for the same product, engaging in sales to select retailers at prices other than the legally posted amounts, and failing to properly post prices, and as required under the law.

The ABC law requires that wholesalers of wine and spirits post their prices monthly with the SLA in order to ensure a fair and level playing field where all licensed retailers are able to compete by purchasing products from wholesalers at the same prices. These provisions were enacted to create transparency and protect New York consumers and businesses from anti-competitive market behavior.

The SLA also accepted PBI's offer of a 30 day deferred suspension of the license. Under the terms of the agreement, the suspension only becomes effective if, within 18 months of the imposition of the penalty, there are new, similar violations committed by PBI. PBI additionally agreed to hire outside legal counsel to design and implement a comprehensive compliance program to ensure against future violations, as the investigation revealed PBI lacked sufficient internal controls to safeguard against violations

Additionally, the SLA accepted a Cancellation offer from SMT Acquisitions, a wine wholesaler affiliated and operated by PBI, based on ten violations. An investigation into SMT revealed the wholesaler engaged price posting violations, discriminatory pricing, and sold spirits without a license. This investigation was conducted by Beverage Control Investigator Ethan Manning, Special Counsel Dennis Saville and Associate Counsel Margarita Marsico.