



The Grapevine

Newsletter of the Connecticut Package Stores Association

Fall 2016

CPSA Fights Below-Cost Sellers

In late August, the Connecticut Package Stores Association (CPSA) faced one of the most significant challenges in the organization's history.

In an effort designed to destroy its competition and increase sales and profits, Total Wine & More, followed by "me too" BevMax, began selling a significant number of its products below cost. The effort continued for ten days.



Minimum bottle pricing laws protect smaller package stores from big box competitors with predatory business practices in the marketplace

In addition to the illegal selling practice, Total Wine filed a federal lawsuit through its Washington-based law firm, aided by its local, long-term Connecticut firm, Pullman & Comley of Bridgeport. The suit alleges price fixing by wholesalers and manufacturers, on posted pricing practices, and a lack of discounts to retailers. These were in addition to the challenge to the minimum bottle pricing practice, allowed by state statutes. (cont'd p. 3)

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Current Members Urged to Sign New Members

CPSA members are urged to sign at least one new member in the next two months prior to the beginning of the legislative session on January 4th. We need to put in a significant effort to support you. Without a firm and expanding base of members, the vitality of CPSA is not as strong.

All members should know that without the organization, no one will fight for your store. CPSA, as a retail organization, has an enviable series of successes in the legislature and administrative agencies. Other groups pay an average of six or seven times the dues you pay without the corresponding success.

It is your choice. If you want to sustain your business, add a new member today.

We will be billing everyone in November.

Total Wine Lawsuit

CPSA is very concerned about the Total Wine lawsuit, which is challenging minimum bottle, posted bottle price for the month (vs. acquisition cost, discounts, and price setting). The state appears to be ready and in support of keeping its statutory obligation to defend the current legislation, which the legislature has passed and redefined especially in the past few years.

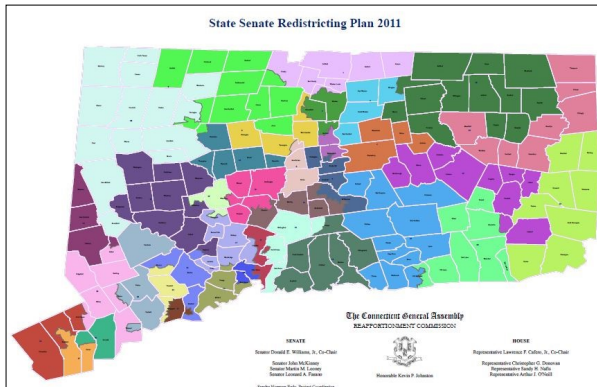
CPSA is very determined to in some way join the defense of the lawsuit, but can only do so with member and nonmember donations. Donations to date are somewhat disappointing for the number of those contributing, but encouraging because of the size of some contributions. These will not be enough at current projections to follow any lawsuit to its conclusion, especially if appealed, from whichever side appeals.

This battle can only be brought to a conclusion with every store donating a minimum of \$300.00. The money won't look like much if you lose your store.

In addition to the lawsuit, we again expect Total Wine to challenge in the legislature all statutes as they have in the past.

Election in November

The entire Connecticut General Assembly will be up for election (reelection) on November 8th. Retailers are urged to support legislators who share support for you and your issues.



ctsenaterepublicans.com

The support does not come easily. It comes from you and the quality of arguments made to legislators in the district and in Hartford. You are urged to continue this in the current campaign. Attend candidate forums, meetings and events conducted by the candidate and donate money if requested and attend fundraisers if you know of them. Also, you are urged to seek out in your store or elsewhere, people who support you. Write letters, talk to friends who vote, and become involved in campaigns if you can.

CPSA Hires Attorney Berdon



CPSA has retained Attorney Peter Berdon to represent its interests in certain legal proceedings. Attorney Berdon has vast experience in the alcohol beverage industry.

He previously served as an attorney, staff and lobbyist for the Connecticut Wine and Spirits Wholesalers. In this capacity, he dealt with a number of issues with retail, wholesale, and regulatory interests.

**CHECK US OUT
ON THE WEB:
CTPSA.com**

**We will be launching a
new website over the
fall, so keep an eye
out for a new
“members-only” login,
exclusive information,
photo galleries and
more!**

CPSA Fights Below-Cost Sellers

(cont'd from p. 1)

CPSA took first-day action on the Total Wine illegal pricing scheme by filing a Department of Consumer Protection (DCP) liquor control complaint. It filed the complaint within hours of advertisements being placed in several state newspapers directly related to Total Wine store locations. This complaint was followed by one from the CT Wine and Spirits Wholesalers Association.

The DCP Liquor Control Division began an investigation immediately by sending agents to purchase and document items which were selling below the minimum bottle price. The DCP investigation continued for the next nine days and culminated with Total Wine agreeing to cease selling below cost, followed several days later by "me too" BevMax.



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In addition to the law firm involved on behalf of Total Wine, Total and BevMax both hired public relations issues firms to peddle their message and seemingly give them political advice.

PR firms these days also specialize in creating comments by employing blogger trolls. These are the people who blitz comments on online stories they try to create that appear to be from the general public in an effort to give a false impression of public opinion. These people also serve to get out the vote in online polls to direct a deceptive vote conclusion in questions asked of the public.

Most people who work at the legislature, especially legislators, are aware of this practice, which has been used for or against some candidates in political campaigns.

During the nine-day battle, CPSA was extremely active, calling an emergency board meeting, sending out statements and news releases, media contacts by both staff and members, and developing a short and long-term plan. CPSA also communicated with other organizations almost daily.

On the tenth day of the illegal selling, Total Wine ceased its action in the face of a legislative and administrative agency rebellion against the flaunting of established law. BevMax followed about six hours later. Total Wine paid a \$37,500 fine to the state. BevMax paid nothing as of press time. Total Wine paid a total of a \$1 million dollar fine for the same practice in New Jersey by its four stores in that state. It was also not voluntary as it was in Connecticut.

CPSA is now refining a long-term plan to deal with the problem of predatory competition and other potential problems which have been recently identified or are evolving.

The violation by Total Wine was its second for violating the minimum bottle pricing law in Connecticut. Its last time was in May 2013 at its Norwalk, CT store. They seem to have established a pattern of selling below cost in many states.

CPSA urges retailers to support the legal fund solicitation. Also, be involved with legislators before and after the November 8th election.

Join CPSA



Connecticut Package Stores Association

No one of us... Is as strong as all of us.

Address: 700 Plaza Middlesex, Middletown, CT 06457 | Phone: 860.346.7978

We need every store as a member.

Without you, we cannot win at the legislature or in our legal efforts to save your business.

Complete the application below, and join today for \$350.00.

Member Information

Name

Store Name

Billing address

City, ST Zip Code

Phone 1 | Phone 2

Fax | Email

Payment Information

Please Select Your Form of Payment: ☐ check ☐ credit card

Credit card type | Exp. date

Credit card number

Authorized signature

Signature

Date

Please make checks payable to:

**Connecticut Package Stores
Association
700 Plaza Middlesex
Middletown, CT 06457**

Legislative Appeal



Connecticut Package Stores Association

No one of us... Is as strong as all of us.

Address: 700 Plaza Middlesex, Middletown, CT 06457 | Phone: 860.346.7978

We need your help to save your business. A lawsuit has been filed against state law, which mandates the minimum bottle price. Additionally, the suit would repeal post and hold provisions and require discounts.

The suit from Total Wine and More requires us to retain legal counsel with experience with the federal system. We also need to retain legal counsel to deal with the state in order to enforce current state laws that prohibit selling below cost, which are being violated by Total Wine and More, and others.

We are asking you to send a minimum of \$300.00 to let us save your store. Our defense for you is expected to cost hundreds of thousands of dollars. If you donate, we can expect to win. If you give nothing, we could lose our legal action and you could lose your store.

Please send your check today.

Donor Information

Name _____

Billing address _____

City, ST Zip Code _____

Phone 1 | Phone 2 _____

Fax | Email _____

Pledge Information

I (we) pledge a total of \$ _____: ☐ \$300 ☐ \$500 ☐ \$1000 or more

I (we) plan to make this contribution in the form of: ☐ check ☐ credit card

Credit card type | Exp. date _____

Credit card number _____

Authorized signature _____

Signature

Date

Please make checks payable to:

Connecticut Package Stores Association
700 Plaza Middlesex
Middletown, CT 06457

NOTE: If contributing by check, please write "Legal Fund" in the memo. Thank you.



Become an Associate Member of the Connecticut Package Stores Association



The Connecticut Package Stores Association is offering Associate Membership to provide corporate supporters with extra marketing value. Associate Members can connect with CPSA's extensive membership of package store owners across the state of Connecticut through our events, website, publications, and exclusive Board Member contact list.

Join us today!

For \$1000 you can access these benefits & help
our association grow stronger.

Membership Benefits

As an Associate Member, your business name, contact information, and logo will appear in **ALL** of the following:

- A listing on our Preferred Vendors webpage, with an informational statement and link to your company website
- Access to Board Member contact information
- Two print advertisements in our newsletter, The Grapevine, which is sent to all member and nonmember package stores in Connecticut
- A click-through advertisement on our new website

Application Form

Name _____ Business Name _____

Address _____

City _____ State _____ Zip _____ Phone _____

Email _____ Form of Payment: ☐ Check ☐ Credit Card

Credit Card Number _____ Exp. Date _____

CALL us at
860.346.7978

OR

FAX this page to
860.343.9955

OR

MAIL this application with payment to:
700 Plaza Middlesex, Middletown, CT 06457



Join
Today
We need you in 2017

As the unified organization representing you for the last *40 years*, **we need your membership to keep our association strong.**

PLACE
STAMP
HERE

CPSA
700 Plaza Middlesex
Middletown, CT 06457