



Ideal Promotions Inc.
Marketing and Management Services

REPRESENTATIONS AND WARRANTIES OF

IDEAL PROMOTIONS

The undersigned is the Chief Executive Officer of Ideal Promotions, Inc., a corporation.

("Ideal Promotions"):

Ideal Promotions is engaged in the business of rendering to suppliers display and sales promotional services of alcoholic beverage products. In order to induce a company to engage Ideal Promotions to furnish sales promotions services in connection with the sale of their products, the undersigned, for and on behalf of Ideal Promotions, represents and warrants as follows.

1. That no retail licensee of alcoholic beverages and no person or entity owning any interest in or exercising control over such a licensee has any interest in or control Ideal Promotions.
2. That neither Ideal Promotions, nor any person or entity owning any interest in or exercising any control over Ideal Promotions, directly or indirectly, has any direct or indirect interest in or control over any retail licensee of alcoholic beverages.
3. That the undersigned is familiar with the Federal Alcohol Administration Act and the Illinois Liquor Control Act and the regulations promulgated under such laws and that any services or activities to be performed by Ideal Promotions shall comply in all respects with such laws and regulations.



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4. That any moneys paid to Ideal Promotions shall be promotional and display merchandising services performed and in compliance with the provisions of the Federal Alcohol Administration Act and the Illinois Liquor Control Act.
5. That no moneys received on behalf of suppliers are being diverted to advertising.
6. That no moneys paid to Ideal Promotions for promotional and merchandising services performed shall be given, transferred or paid in whole or in part, directly or indirectly, to any retail licensee of alcoholic beverages.

Dated: July 28th, 2008

Mitchell Sklare
Chief Executive Officer

G.H. Bankruptcy of Retailer

In the event any bankruptcy proceeding is instituted by or against a retail liquor licensee, the "automatic stay" provision of federal bankruptcy law prohibits a change in the financial circumstance of that licensee. Simply stated, this means that the retailer shall not be reported "delinquent" under Sec. 5/6-5 of the Act; if the retailer has already been reported delinquent, that delinquency shall not be effective. The retailer shall not be required to pay any outstanding bill for alcoholic liquors, and no attempts to collect such a debt are valid. (See In Re: William Tell, Inc., Bankrupt, William Tell II, Inc., Appellee, v. State of Illinois Liquor Control Commission, Appellant, United States District Court For The Northern District of Illinois, Eastern Division, 38 B.R. 327; 1983 U.S. Dist. LEXIS 16665; 11 Collier Bankr. Cas. 2d (MB) 235, May 26, 1983)

In order for the retailer to continue to purchase alcoholic liquors, the following steps are necessary:

- A) Filing of the Bankruptcy petition
- B) Filing of a Motion to Stay the application of Sec. 5/6-5
- C) Entry of an Order by the Bankruptcy Court directing:

- (1) That the application of Sec. 5/6-5 against the retailer is stayed.
- (2) That the retailer shall be allowed to purchase alcoholic liquors "for cash."
- d) Service of Motion and Order upon the Commission and the Wine and Spirits Distributors of Illinois.

TPP-6 Cooperative Purchasing Agreements

I. Purpose

To set the policy of the Illinois Liquor Control Commission and establish the procedures whereby unrelated retail licensees may enter into cooperative purchasing agreements.

II. Policy

It is the policy of this Commission to allow unrelated retailers to enter into cooperative purchasing agreements.

III. Background, Statutes, Regulations

235 ILCS 5/5-1(b) and 5/5-1(d) define the distributor and retailer licensee. The former is allowed to make wholesale purchase and store alcoholic liquors, and to sell same to licensees, as permitted by law. The latter is allowed to sell and offer for sale at retail, only on the premises specified in the license, alcoholic liquor for use or consumption, but not for resale.

Section 5/6-5 prohibits retailers from accepting or distributors from giving anything "of value." The general treatment of the "tied-house" and "of value" cases in Trade Practice Policy 1 is adopted herein. Section 5/6-5 and Regulation 100.90 deal with extending credit to retail licensees.

Section 5/6-8 requires manufacturers, importing distributors or foreign importers to keep accurate records of all alcoholic liquors manufactured, distributed, sold, used, or delivered in the State during each month, showing to whom sold, and shall furnish a copy thereof to this Commission. Regulation 100.130(d) further requires manufacturers, distributors, importing distributors and foreign importers, to keep records giving the name, license number and expiration date, and address of each purchaser of alcoholic liquors and information concerning each purchase, including invoice number, date and sale, amount of sale and date of payment thereof.

Pursuant to Section 5/6-9 manufacturers, non-resident dealers, distributors, importing distributors, or foreign importers owning or controlling trade marks, brands or names of any alcoholic liquor shall register same with this Commission, including the name of each person to whom such manufacturer, non-resident dealer, distributor, importing distributor, or foreign importer grants the right to sell at wholesale, specifying the trade mark, brand or name of alcoholic liquor to which such right is granted, the geographical area(s) and the period(s) of time for which such right is granted. No person to whom such right is granted shall sell at wholesale outside the geographical area for which such person holds such right, nor sell such alcoholic liquor within such geographical area to a retail licensee, if the premises specified in the retailer's license are located outside the geographical area. No manufacturer, importing distributor, distributor, non-resident dealer, foreign importer shall sell or deliver any alcoholic liquor manufactured or distributed for resale, unless the person to whom such package is sold or delivered is authorized by law to receive such package.

See also Regulation 100.60.

Section 5/7A-3 states that it is unlawful for any person to store any alcoholic liquors with or deliver any alcoholic liquors to any warehouseman who has not received a certificate of registration from the Department of Revenue.

Regulation 100.250, regarding transfer of alcohol, states that the holder of a license for the sale of alcoholic liquor at retail on the premises specified in the license, for use or consumption, is restricted to sell from the licensed premises only and is not permitted to sell, purchase or transfer such alcoholic liquor to any other licensed premises.

IV. Procedures

To enter into a cooperative purchasing agreement, retail licensees shall comply with the following guidelines:

- 1. All purchases must be invoiced and delivered to each individual retailer and each individual retailer must pay the distributor for its own merchandise.**
- 2. Two or more retail vendors may agree, as evidenced by a memorandum in writing, that one or more of them, or another designated person, shall be the agent or agents of each of them for the purpose of ordering distilled spirits, wines or beer, from wholesalers.**
- 3. The agreement shall provide that orders placed by the nominee shall be made in the capacity as agent for each of the parties.**

4. The agreement shall provide that upon completion of the sale by the wholesaler, title to the merchandise shall vest in each party to the agreement, in accordance with the proportionate share of each in the order.

5. The agreement shall be signed and dated by each party to the agreement, including the nominee agent(s).

6. New or additional entities may become members of the venture by signing and dating the agreement; however such new or additional party may share in a cooperative order only in respect to orders placed subsequent to becoming a party to the agreement.

7. A record of disposition of products by wholesalers and receipts to each member retailer must be maintained.

8. All retailers must be located within the distributor's registered geographic territory.

9. Physical delivery of the alcoholic liquor purchased by the group must be made to each individual retailer's licensed premises, and not to a central location. Warehousing and transfer of alcoholic liquor are not allowed.

10. Although quantity discounts are permitted, a distributor is not required to offer such quantity discounts. However, if such discounts are offered by a distributor, they must be offered across the entire market which the distributor serves. A distributor cannot refuse to offer the same quantity discount to the cooperative group as offered to any individual retailers, unless proof of substantial increased cost of providing such discount (e.g. excess actual delivery costs) can be established by the distributor.

11. If the distributor makes sales under the 30 day credit rule, and any member of the cooperative purchasing group should become delinquent, the distributor may continue to make sales to the remaining members of the group as a whole and provide the non-delinquent members with quantity discounts.

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TPP-7 Point Of Sale Materials - Manufacturer To Distributor

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I. Purpose

To set the policy of the Illinois Liquor Control Commission and establish the procedures whereby manufacturers may provide point-of-sale advertising and materials to distributors.

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II. Policy

It is the policy of this Commission that manufacturers may provide point-of-sale materials to distributors free of charge. Distributors may also purchase point-of-sale materials from manufacturers, but

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III. Background

"Point-of-sale" materials include, any signs, advertising materials and consumer advertising



Internal Revenue Service
Revenue Ruling

TaxLinks.com sm

Rev. Rul. 56-204

1956-1 C.B. 808

Full Text

Rev. Rul. 56-204

Subsections (a), (b), and (c) of section 5 of the Federal Alcohol Administration Act make it unlawful for a producer, importer, or wholesaler of alcoholic beverages to induce a retailer to purchase his products to the exclusion, in whole or in part, of similar products of other industry members, by means of the practices set forth therein.

These provisions do not prohibit members of an alcoholic beverage industry from being creative in their marketing for the purpose of securing advantages through