



AT THE BAR WITH BOWDITCH

A Legal Blog for the Craft Brewing Community

Pay-to-Play Allegations Hit Craft Brewing Business

BY AIVI NGUYEN • MAY 22, 2015

On April 29, the Massachusetts Alcoholic Beverages Control Commission issued a hearing notice to Craft Beer Guild, LLC, one of that state's most prominent distributors of craft beer, in connection with the pay-to-play investigation launched last October. "Pay-to-play" is a term coined to describe the illegal activities undertaken by craft breweries, their distributors or their licensed resellers in providing kickbacks or incentives to bar owners for putting their beer on tap. The accusation is that pay-to-play practices are pervasive and simply swept under the rug and that the deep pockets in the game have the ability to unfairly eliminate competition from the smaller breweries who cannot afford to pay-to-play.

Up until this investigation, it appears that the ABCC did not monitor pay-to-play activities in the craft brewing business. Back in October, we learned that the ABCC interviewed and subpoenaed records from some local breweries and distributors but since then, the investigation has been quiet, at least as to what has been reported to the public. That is until April 29, when Craft Beer Guild, one of the biggest distributors in the Massachusetts market was issued a hearing notice to appear before the ABCC and defend itself against allegations that it illegally offers incentives of "substantial value" and charges different prices for the same product to induce bars to put its beer on tap.

The hearing is scheduled for June 23, 2015. The outcome of the hearing may have a huge ripple effect on the craft brewing industry and how it conducts business in Massachusetts. Stay tuned.

Read more about what sparked the investigation and what could happen at the hearing in my recent article on GoLocalWorcester.com "[Nguyen: Pay to Play Investigation of Craft Beer Industry Comes to a Head.](#)"