Anheuser-Busch Pays $300k To Settle Claims That Its Buy-Back Programs Violated Law

BY AIVI NGUYEN • MARCH 15, 2016

The Alcohol and Tobacco Tax and Trade Bureau (TTB) has accepted $300,000 from Anheuser-Busch InBev to settle alleged violations of the trade practice provisions of the Federal Alcohol Administration (FAA) Act, specifically section 205(d), the Consignment Sales provision.

The Consignment Sales provision makes it illegal to contract to sell or buy any beers, spirits, or wines “with the privilege of return.” The TTB alleged that Anheuser-Busch InBev’s Shock Top Lemon Shandy and Shock Top Pumpkin Wheat Ale End of Season Buy-Back Co-ops violated the Consignment Sales provision and resulted in 540,920 cases of these beers sold to wholesalers/distributors between March 3 and October 6 of last year. Because the documents related to the TTB charges are not public except the summary of the settlement offer, one can only surmise that the buy-back program may have allowed buyers to return unsold beers for a certain amount from Anheuser-Busch at the end of each season.

The settlement does not mean that Anheuser-Busch admits that it violated any law. Oftentimes people settle to avoid the cost of litigation or for public relations reasons. In fact, the company has taken the position that it believed its buy-back program was in full compliance with the FAA Act and settled with the TTB “to move forward in the spirit of partnership and settle the matter” as represented by Felipe Szpigel, the president of the company’s High End, which oversees the Shock Top brand.

Moreover, this settlement encompasses and resolves any alleged violations of the wholesalers/distributors with respect to the buy-back programs, meaning Anheuser-Busch took one for the team in paying this settlement amount and the wholesalers/distributors do not have to worry about being dinged by the TTB.