

TTB and ABCC Regulations: Are You in Compliance?

BY DONNA M. TRUEX • NOVEMBER 7, 2018

With the influx of craft breweries, wineries, distillers and wholesale distributors popping up everywhere, there are several issues that have come to light regarding regulatory compliance. These entities that have obtained a basic permit from the Alcohol and Tobacco Tax and Trade Bureau ("TTB") and the Alcoholic Beverage Control Commission ("ABCC") need to be vigilant in maintaining compliance with the rules and regulations that attach to each license. Not only do these entities need to renew their license regularly (some annually) and pay the fee, but they also need to make sure that any changes in ownership or control are reported to the TTB and ABCC and their licenses are amended accordingly.

Once a license is applied for and approved, almost any change in management (directors and officers), changes in ownership interest (membership interest or shareholders) or financing (pledge) must be carefully reviewed to ensure that approval is not required by the TTB and ABCC before it is implemented lest the party be in violation of the laws and regulations controlling its license.

The TTB and ABCC often work together to conduct joint investigations and ensure compliance. In one joint investigation conducted last year, the TTB found that an alcohol wholesale distributor, who had not reported changes in ownership and control, no longer held a valid basic permit and that continued operation could constitute a criminal offense under Title 27 USC 207. This violation resulted in the wholesale distributor being shut down.

Basic permits are required to be amended when there are changes in ownership and control and such permits automatically terminate 30 days after unreported changes have been implemented. Accordingly, brewers, wineries, distillers and wholesale distributors have been shut down and required to file for a new permit after termination of its existing permit, which can take up to three months under current turnaround timelines for approval by the TTB and an additional couple of months for approval by the ABCC. No business can afford to be shut down for up to six months. Accordingly, it is important to review any proposed business changes with your attorney prior to implementation to ensure any required amendments are made to existing licenses and permits to avoid violation, automatic license termination and shut down.

©2026 Bowditch & Dewey LLP. All Rights Reserved.