

December 4, 2014

Genevieve Collins
Insight Resource Group
3 Altarinda Road
Suite 301
Orinda, CA 94563

**RE: Mail-In Rebate and Instant Redeemable Coupon for Hess
Collection Winery**

Dear Ms. Collins:

ISSUE: This correspondence is in response to your e-mail of November 12, 2014, in which you request approval, on behalf of your client Hess Collection Winery, regarding the legality of conducting three (3) promotions in Pennsylvania involving mail-in rebates and instant redeemable coupons. You also attached point-of-sale (“POS”) material in the form of a bottlenecker rebate submission form and coupon to be used in support of the promotion.

Offer #1

The first promotion offers an instant redeemable coupon of three dollars (\$3.00) off Peter Lehmann Wine with a purchase of one (1) 750ml bottle.

Offer #2

The second promotion offers a five dollar (\$5.00) rebate by mail with the purchase of one (1) bottle of Peter Lehmann Wine.

Offer # 3

The third promotion offers a five dollar (\$5.00) rebate by mail on any meat purchase of ten dollars (\$10.00) or more. No purchase of alcohol is necessary to receive this offer.

OPINION: Generally, licensees, the Pennsylvania Liquor Control Board (“Board”), and manufacturers, or any employee or agent of a manufacturer,

licensee, or the Board, are prohibited from offering to give anything of value, or soliciting or receiving anything of value, as a premium or present to induce directly the purchase of liquor or malt or brewed beverages. [47 P.S. § 4-493(24)(i)]. Licensees, manufacturers, and other persons are also generally prohibited from offering or giving to trade buyers or to consumer buyers a prize, premium, gift or other inducement to purchase liquor or malt or brewed beverages. (Id.)

However, section 493(24)(i) provides an exception for coupons in that a manufacturer or agent of a manufacturer may offer and honor coupons which offer monetary rebates on purchases of wines and spirits through the Board's wine and spirits stores or purchases of malt or brewed beverages through distributors and importing distributors. (Id.). Thus, both instant and mail-in rebate coupons are permitted at the Board's wine and spirits stores. Prior approval by the Bureau of Product Selection is required for any related material.

Promotions which require the purchase of both alcohol and a non-alcoholic product in order to receive a monetary rebate on the non-alcoholic product are generally not permitted, because this would be an unlawful inducement in violation of section 493(24)(i). However, manufacturers or their agents may offer mail-in rebates which require the purchase of alcohol and a non-alcoholic product so long as the rebate is offered on the alcohol, rather than the non-alcoholic product. With regard to instant rebates, which are only permissible at wine and spirits stores, please note that there are a very limited number of non-alcoholic products available for sale at the Board's wine and spirits stores.

This office has reviewed the proposed offers and accompanying POS material and has determined that offers one (1) and two (2) comply with the Liquor Code. Offer three (3), which does not require a transaction or sale of liquor to be redeemed, falls outside the scope of the Liquor Code.

Should you have any further questions or concerns, please do not hesitate to again contact this office.

THIS OPINION APPLIES ONLY TO THE FACTUAL SITUATION DESCRIBED HEREIN AND DOES NOT INSULATE THE LICENSEE OR OTHERS FROM CONSEQUENCES OF CONDUCT OCCURRING PRIOR TO ITS ISSUANCE. THE PROPRIETY OF THE PROPOSED CONDUCT HAS BEEN ADDRESSED ONLY UNDER THE LIQUOR CODE AND

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REGULATIONS. THE LAWS AND POLICIES ON WHICH THIS OPINION IS BASED ARE SUBJECT TO CHANGE BY THE LEGISLATURE OR THE PENNSYLVANIA LIQUOR CONTROL BOARD.

Very truly yours,

FAITH S. DIEHL
CHIEF COUNSEL

cc: Pennsylvania State Police, Bureau of Liquor Control Enforcement
Dale Horst, Director of Marketing and Merchandising
Michelle Bonsick, Director, Bureau of Marketing Communications
Pamela Bernd, Product Selection

LCB Advisory Opinion No. 14-611