

May 4, 2016

Lauren Jobmann
Account Coordinator
Avid Marketing Group
VIA E-MAIL

RE: Proximo Spirits Five Ibotta Rebate Offers

Dear Ms. Jobmann:

ISSUE: This correspondence is in response to your e-mail sent April 12, 2016, wherein you seek approval, on behalf of your client, Proximo Spirits, to offer five Ibotta rebate promotions in Pennsylvania.

In all of the proposed rebate offers, consumers can unlock a digital coupon that provides a rebate on the purchase of a 750ml or larger size bottle of various spirits. The offers are as follows: Offer 1 provides a \$2.00 rebate on Jose Cuervo Ready to Drink Margaritas; Offer 2 provides a \$3.00 rebate on Three Olives Vodka; Offer 3 provides a \$2.00 rebate on Jose Cuervo Especial Silver, Gold, or Cinge; Offer 4 provides a \$3.00 rebate on Bushmills whiskey; and Offer 5 provides a \$3.00 rebate on 1800 Tequila. The offers are valid only to legal residents of certain states who are twenty-one years of age or older, and they will run from April 26 to July 6, 2016.

According to the Ibotta website, <https://ibotta.com/>, consumers who join Ibotta and download the Ibotta app on their phones or tablet devices may unlock rebate offers by completing certain tasks such as watching videos or answering poll questions. To redeem a rebate, consumers must scan a receipt or other proof of purchase using the Ibotta app. Upon verification, the rebate amount is added as a cash reward to the consumer's Ibotta account; however, the funds may not be withdrawn by the consumer until the account has accumulated at least \$20.00 in rewards. Once this threshold is met, the funds may be withdrawn through Paypal or Venmo, or a consumer may convert his or her cash rewards to gift cards to other retailers. Prior to reaching the \$20.00 threshold, the rewards remain the sole property of Ibotta, and if a consumer closes an Ibotta account with less than \$20.00 in rewards, the rewards are forfeited. Further, Ibotta deducts \$3.99 from a consumer's accumulated rewards each month after the consumer's account has been inactive for twelve months.

OPINION: Section 493(24)(i) of the Liquor Code generally prohibits licensees, manufacturers, and the Board, or any employee or agent of a licensee, manufacturer, or the Board, from offering or giving 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). Similarly, section 493(24)(i) generally prohibits licensees, manufacturers, and other persons from offering or giving to trade or consumer buyers any prize, premium, gift, or other inducement to purchase liquor or malt or brewed beverages. Id. However, section 493(24)(i) includes an exception, which provides:

This section shall not prevent any manufacturer or any agent of a manufacturer from offering and honoring coupons which offer monetary rebates on purchases of wines and spirits through State Liquor Stores or purchase of malt or brewed beverages through distributors and importing distributors in accordance with conditions or regulations established by the board. The board may redeem coupons offered by a manufacturer or an agent of a manufacturer at the time of purchase. Coupons offered by a manufacturer or an agent of a manufacturer shall not be redeemed without proof of purchase.

Id.

This office has traditionally interpreted this exception to allow manufacturers or their agents to offer both mail-in and instant monetary rebate coupons relative to purchases of wine and spirits products through the PLCB's Fine Wine & Good Spirits stores, as long as certain conditions are satisfied.

Specifically, this office has opined that rebate coupons for wine or spirits must contain the following: (1) an expiration date of the offer; (2) the rebate value; (3) provision for the name and address of the individual redeeming the coupon; (4) the identity of the manufacturer or manufacturer's agent; (5) a description of the product including, but not limited to, the brand name and size; and (6) a warning statement that the purchase of the product and the rebate offer is restricted to persons who are twenty-one years of age or older. Additionally, all wine or spirits mail-in rebate offers must also require submission of proof of purchase in the form of a sales slip or cash register receipt.

Please note that the use of an electronic rebate coupon, instead of a traditional mail-in rebate or instant rebate coupon, would not necessarily be problematic under the

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Liquor Code or the PLCB's Regulations, as long as the coupon offers a true monetary rebate and the other conditions discussed above are satisfied.

In this case, however, it does not appear that a true monetary rebate is being offered through Ibotta. Although the promotions offer consumers \$2.00 or \$3.00 off on the purchase of various spirits, the consumer will not actually receive the rebate amount until they have accumulated at least \$20.00 of credits in their Ibotta account. In the meantime, the rebate credit is considered the property of Ibotta, which will retain the credit in the event the consumer closes the account prior to reaching the mandated threshold. Thus, the promotion does not offer what this office considers to be a true monetary rebate for consumers purchasing the underlying alcoholic beverage product.

The terms of use established by Ibotta also suggest an implied inducement to make additional purchases, since in order to reach the \$20.00 threshold, and thus receive the rebate amount, consumers will need to purchase other products having their own rebate offers through the Ibotta app, which will likely include alcoholic beverage products. This is problematic because of the aforementioned prohibition on manufacturers or their agents offering an inducement to purchase alcoholic beverages.

Finally, it is not entirely clear from the materials that you submitted or the Ibotta website what the terms of the relationship are between the manufacturer and Ibotta. However, based on the information that is available on the Ibotta website describing its business model, it seems as though Ibotta is operating to a large degree as an independent, third-party entity and not as an agent of the manufacturer, which is also problematic under section 493(24)(i).

Therefore, the proposed Ibotta rebate promotions are not permissible in Pennsylvania.

If you have any additional questions or concerns regarding this matter, the Liquor Code, or the PLCB's Regulations, 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 REGULATIONS. THE LAWS AND

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

Sincerely,

A handwritten signature in cursive script, appearing to read "Rodrigo J. Diaz".

RODRIGO J. DIAZ

CHIEF COUNSEL

cc: Pennsylvania State Police, Bureau of Liquor Control Enforcement
Dale Horst, Director of Marketing and Merchandising
Stacy Kriedeman, Director, Marketing Communications
Joseph Puhalla, Director, Bureau of Product Selection

LCB Advisory Opinion No. 16-163