Holidays Could Juice Already Stronger Sales Among Alcohol Wholesalers

Source: Forbes
Mary Ellen Biery
December 28, 2014

The holidays between Thanksgiving and New Year's Day typically mean big bucks for beer, wine and liquor wholesalers, which have already experienced a substantial increase in sales growth over the past 12 months, according to data from Sageworks, a financial information company.

Wholesalers' profitability, too, is something worth celebrating, according to Sageworks analyst Jenna Weaver.

"The outlook for this industry is quite positive right now, as Sageworks data show significant sales growth accompanied by the highest profit margins the industry has seen during the last 6 years," she said.

Vodka sales growth may be slowing in the U.S., based on Diageo PLC's latest comments, but in general, privately held wholesalers of liquor, beer and wine have been increasing sales more rapidly in the last 12 months than in the comparable period a year earlier, Sageworks' data show.

Sales among the wholesalers have increased nearly 8 percent in the 12 months ended Sept. 23, compared with less than 2 percent growth a year earlier, according to Sageworks' financial statement analysis of the wholesalers. Net profit margin, on average, has been almost 4 percent in the last 12 months. Profitability for recent 12-month periods had ranged from 2.4 percent in 2012 to 3.5 percent in 2010.

"The success of these types of wholesalers generally comes down to two main drivers: either selling more product, or demanding a higher price on products sold," said Sageworks analyst Kevin Abbas. "It's unclear based on our data whether volume or pricing had the biggest impact on sales growth, but certainly, outside data indicate favorable trends on both fronts for these wholesalers."
The wine market in the U.S., which became the top wine-consuming nation in the world in 2010, continued to grow in 2013 as shipments increased 3.2 percent, according to industry market researcher Gomberg, Frederickson & Associates.

An increase in the number of breweries nationwide also reflects growing end-markets. According to the U.S. Census Bureau, the number of breweries more than doubled to 869 in 2012 from 2007. As a result, shipments grew 33.6 percent to $28.3 billion, based on the most recent Census data available.

Exports may also be playing a role. Earlier this year, the Distilled Spirits Council of the United States reported spirits exports surged in 2013, eclipsing $1.5 billion for the first time ever, thanks to shipments of Kentucky Bourbon and Tennessee Whiskey that topped $1 billion for the first time ever.

Sageworks' data also indicate that growth in recent years appears to be spread across all sectors of the industry.

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**Illinois Qui Tam Lawsuits-Private Enforcement Of a State Claim: A Bonanza For A Plaintiff's Lawyer And A Rip-Off Of Retailers**

Source: Hinman & Carmichael LLP
John W. Edwards II
December 27, 2014

Today's Booze Rules post was authored by the newest member of the Hinman & Carmichael LLP team - John W. Edwards II. John is joining the firm on January 1st as Senior Counsel after a 40-year career as a partner at Jones Day. John is one of the country's foremost litigators and will be managing the firm's litigation, arbitration and mediation practice.

An Illinois lawyer has filed over 300 Qui Tam cases against out-of-state sellers of products in Illinois state court. The most recent group of cases targets wineries that ship directly to consumers under permits issued by the State of Illinois ("DTC") and wine retailers selling alcoholic beverages to Illinois residents outside of Illinois, which the buyer then ships into Illinois. The cases against the wineries attempt to take advantage of the lawyer's expansive reading of a confusing Illinois tax provision, and the cases against the out-of-state wine retailers challenge the legality of their business model.

This blog post outlines the defenses, explains the current thinking on appropriate prophylactic changes to websites to reduce the danger of being involved and points affected industry members to defense counsel coordinating these cases in Illinois.
Qui Tam - What is it?

A Qui Tam action is a private citizen whistleblower lawsuit in the name of the state to enforce a state law that ordinarily would be enforced by the state Attorney-General. Typically, the Attorney-General must consent to the action. The plaintiff is not motivated by public spirit. Rather, the plaintiff is entitled to a percentage (at least 25% in Illinois) of what is recovered for the State, plus "reasonable attorneys" fees." Thus, the stakes in a Qui Tam action are substantially higher than they would be if the defendant merchant were to resolve its tax liability (if any) administratively with the state. The ability to bring a Qui Tam case exists in many states so if this plaintiff prevails this might be the beginning of other lawyers bringing similar actions in other states.

The Illinois cases have been filed by Stephen P. Diamond, PLC, 332 Michigan Avenue, Chicago, Illinois 60604. Diamond files as the plaintiff himself, eliminating the need to share any recovery or settlements with a "client." Pretty nice work for a lawyer only interested in generating revenue.

Explaining the Illinois Use Tax Claims

Most of Diamond's cases, including those against wineries selling DTC, have been framed as an effort to collect unpaid Illinois Use Tax. Illinois imposes two taxes on Illinois consumers who purchase goods outside of Illinois and then import them: (1) a sales tax on the selling price of the merchandise, and (2) a Use Tax of 6.25% on certain shipping and handling charges. Although the tax is imposed on consumers, Illinois requires out-of-state entities selling into Illinois to collect the Sales and Use Taxes and to pay them to the State. In this case wineries are permitted to ship into Illinois via a DTC permit and thus are subject to Illinois jurisdiction. Out of state wine retailers do not have the same privilege and are ineligible for a permit - more about the jurisdictional implications of this below.

Surprised to hear that Illinois requires collection of a tax on shipping & handling charges? So, apparently, were hundreds of other merchants who have been sued by Mr. Diamond. Why the confusion?

Illinois regulations state the Use Tax is not imposed on shipping charges if they are "separate from the price of goods" or reflect the retailer's actual charges from a common carrier. Use Tax is, however, imposed on shipping charges that exceed actual cost or that are "included in the selling price" of the goods. While that seems straightforward enough, in 2009, the Illinois Supreme Court ruled that, even if an internet merchant separately states shipping & handling charges on its website, those charges are "included in the selling price" and thus subject to Use Tax, if the buyer has to pay those charges to obtain the goods.

The regulations have not been amended to reflect the Supreme Court's ruling. Thus, merchants and their advisors who check the Illinois tax regulations are not alerted to the
possibility that they may be liable to collect Use Tax on shipping & handling, even though those charges are separately stated on their websites. Moreover, it appears that Illinois itself does not agree with the expansive view of Use Tax liability advanced in Diamond's lawsuits because Diamond has filed claims against merchants that have been audited by the Department of Revenue and found to be compliant with Illinois law.

What Diamond is doing is diabolically clever

Diamond has been ordering a small amount of merchandise—typically, a single bottle of wine—on one or two occasions, and then printing out the web page showing that the merchant collected Illinois taxes on the merchandise, but not shipping & handling. Diamond then files a Qui Tam action to collect the unpaid Use Tax on all of the merchant's sales to Illinois consumers over the preceding six years under the Illinois statute of limitations. He also claims that the merchant (at least those who filed tax returns) violated the Illinois False Claims Act by filing "false" (i.e., erroneous) tax returns. That Act allows recovery of three times the amount of tax owed and a civil penalty of $5,000-10,000 per violation. Diamond also seeks "reasonable attorneys' fees" for representing himself. The various multipliers and add-ons, of course, transform even a fairly modest amount of uncollected Use Tax into a significant potential liability, designed to motivate settlements on terms favorable to Diamond.

The claims against out-of-state wine retailers

Diamond has recently filed a series of cases against wine retailers in states other than Illinois that sell alcoholic beverages to Illinois residents under terms that make clear that title to the goods passes to the consumer in the state where the retailer is located, not in Illinois. The consumer, not the retailer, is responsible for shipping the goods to the destination of his or her choice, whether Illinois or elsewhere. The Uniform Commercial Code ("UCC), adopted in Illinois and almost every other state, specifically permits a buyer and seller to agree on where and when title to the goods passes. The sellers' website Terms & Conditions typically provide that title passes to the buyer in the wine retailer's home state at the time the transaction closes and that subsequent shipment is at the buyer's discretion and risk. Under those circumstances, the buyer, not the wine retailer, should be obligated to pay Illinois Sales Tax, if the buyer chooses to ship the goods to Illinois, and the Use Tax should not apply, since the buyer separately chooses how and where to ship the goods.

In the recent cases, Diamond claims that the out-of-state wine retailers failed to obtain the required permits to sell alcohol DTC in Illinois and, separately, that they violated the False Claims Act by failing to collect Sales and Use Tax on the out-of-state transactions. The first claim directly challenges the retailers' business model, premised on the UCC provisions allowing the buyer and seller to agree on where and when title to the goods passes and, of course, ignores the fact that out of state wine retailers are ineligible for DTC permits in Illinois. So far as we are aware, this is the first (and perhaps the most important) direct challenge to that business model. Of note is the fact that many small
wineries also use this business model in lieu of creating a network of DTC permits around the country.

Potential Defenses - Where can we go with these cases?

Every case will present somewhat unique facts, depending on the defendant's website language, practices, and Illinois tax history. Common defense themes also run throughout these cases, including the following.

The "no-knowledge" defense: To recover under the Illinois False Claims Act, Diamond must prove that the defendant "knowingly" failed to collect Use Tax on its shipping & handling charges and then filed false tax returns. Illinois law defines "knowingly" to mean actual knowledge, deliberate ignorance of the facts, or reckless disregard of the facts. However one chooses to interpret that statutory psychobabble, it at least means that an innocent or even negligent mistake does not suffice to support liability under the False Claims Act with its enhanced penalties. The fact that Diamond has found over 300 internet retailers who were unaware of what Diamond claims to be their obligation to collect Use Tax on shipping & handling and who relied on the plain language of the Illinois tax regulations (unchanged since the Supreme Court's ruling) alone supports the conclusion that, if all of those retailers erred, they did so innocently and are not liable under the False Claims Act.

The "unclean hands" defense: The "unclean hands" or "in pari delicto" ("in equal fault") defenses involve the fact that Diamond, who knows of his expansive reading of the Illinois Use Tax and is himself liable for that tax, if due (the retailer being obligated only to collect it), and is purchasing something from the defendant, sees that Use Tax is not collected on shipping & handling, and then sues the defendant for failing to collect the tax that Diamond himself owes. Most reasonable people would conclude that Diamond should not be entitled to collect an enormous bounty for the retailer's innocent failure to collect the tax that Diamond knowingly failed to pay.

The False Claims Act requires the plaintiff to prove that he or she had knowledge of the facts underlying the claim that did not come from public sources. While defendants have had limited success in using that provision as a basis to dismiss Diamond's claims, it does provide a basis for resisting discovery demands.

The UCC defense: For the cases involving out-of-state wine retailers (and wineries) selling alcohol to Illinois residents in the retailer's home state, the UCC provisions discussed earlier provide the central defense. No Illinois Sales Tax is due on the sale, because it occurred in a different state, and no Use Tax is due, because the buyer had complete discretion as to whether to ship and to where. For those merchants that are not licensed in Illinois, have no presence there, have never made a sale there, and have themselves never shipped any products to Illinois, there is a real question as to whether the Illinois courts have jurisdiction over them.
The litigation to Date

Most of the cases that Diamond has filed to date have settled on terms favorable to him. The cases that have been contested have had mixed results. In a 2012 decision involving J. Crew, Inc., the Illinois trial court refused to dismiss Diamond's claims at the pleading stage, holding that he had alleged enough to allow discovery and, likely, trial as to the issue of whether the defendant acted "knowingly." The court also rejected the defendant's argument that Diamond had acquired knowledge of the facts from public sources.

More recently, the same court ruled in two cases that the defendant had not knowingly filed false claims. In both cases, the defendant had been audited by the Illinois Department of Revenue, which had concluded that no Use Tax was owed. The court did not, however, hold that the audit was a complete bar to Diamond's claim. Moreover, both rulings were made after the cases had been tried to the court, not on pretrial motions.

The next steps in being defended

Diamond is now in the process of serving his next round of cases. We are coordinating our defense efforts through Mark Rotatori of the Chicago Office of Jones Day, who has extensive experience with these cases. If you are served with a summons and complaint, please notify us immediately, so that we can timely protect your rights, contact Mark directly if you desire to be defended or consult with your counsel with respect to your options.

If you have not yet been served, it would be prudent to monitor your website for orders from Stephen Diamond or anyone at the 332 South Michigan Avenue address in Chicago. We are recommending to our clients that, if they receive an order from that address, they politely decline to fill it. We believe that Diamond needs to consummate a sale in order to sue in Chicago. If you already filled an order from that address, monitor your mail and please review the preceding paragraph.

How to avoid involvement

Going forward, there are two possible ways to protect against future liability. Both involve reprogramming your website:

Your best chance (there are no guarantees) of avoiding exposure under Diamond's expansive reading of the Illinois Supreme Court's ruling is by clearly separating shipping & handling charges from the sale transaction. Giving your buyers the option of having you ship the goods, picking them up at your location, or independently arranging for shipping themselves should sufficiently separate the sale and shipment transactions to avoid any question of Use Tax liability. Many wine merchants who are not licensed for DTC sales in Illinois already utilize these provisions. We will be working with our clients on terms that
appropriately protect them going forward. We recommend that you work with your own counsel on this, and that you do it quickly.

You can begin to collect Illinois Use Tax on shipping & handling, which will cut off liability going forward. However, as noted above, it is unclear that the Illinois Department of Revenue agrees with Diamond that collection of the Use Tax is required, and that does solve past liability exposure. Depending on your circumstances, it may be possible to reach a settlement with the Department of Revenue on your liability, if any, for past Use Tax collection on terms more favorable than could be obtained from Diamond. This alternative is being explored by counsel in Illinois.

The Illinois Qui Tam actions are an unfortunate but serious threat to the DTC industry, and particularly to merchants that are not licensed to ship directly to Illinois but make sales to Illinois residents in other states.

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Report: Americans Drink The Most During Winter Months

Source: CBS
December 25, 2014

A new report suggests Americans like to drink their Winter Blues away.

December through March is the peak drinking season in the United States, with the average blood alcohol content (BAC) above the legal limit over 35 percent of the time, according to a report by breathalyzer producer BACtrack.

"Our goal is to shed light on alcohol consumption habits so consumers can make smarter decisions when drinking," Keith Nothacker, president of BACtrack, said in a statement. "We hope this report will make consumers more aware of how much alcohol they consume when at a bar with friends or while drinking eggnog at a holiday party so they can ultimately stay safe."

Drinkers Stay Warm with Alcohol: Most Alcohol Consumed During Winter Months

BACtrack found that between December 1st and March 31st, the average BAC is higher than any other time of the year.

The average BAC is above 0.06% nearly 75 percent of days during this time period; the rest of the year, the average BAC is above 0.06% only 50 percent of days

More than five out of every seven days have an average BAC above 0.06%
What makes this particularly interesting is that research shows drinkers are "buzzed" and experience stimulating effects such as increased energy and self-confidence when they have a BAC of 0.055% or lower. At 0.06%, drinkers reach peak stimulation and the euphoric effects of alcohol take place.

Once drinkers surpass the 0.06% threshold, the depressant effects of alcohol, such as fatigue, lack of balance and poor coordination, begin to kick in and they're more likely to appear "drunk" to those around them. They are also more likely to have horrible hangovers.

BACtrack also found that 14 of the 15 biggest drinking days of the year, all of which have an average BAC of 0.08% or higher, fall between December and March.

The days with the highest average BACs include:

- December 6th and 7th (0.087% and 0.088%)
- New Year's Eve (0.094%)
- January 18th and 19th (0.090% and 0.088%)
- January 25th (0.093%)
- Super Bowl Weekend - February 1st and 2nd (0.090% and 0.091%)
- February 15th - the day after Valentine's Day (0.092%)
- March 7th and 8th (0.088% and 0.088%)
- St. Patrick's Day Weekend - March 14th and 15th (0.087% and 0.094%)

The only other day out of the entire year with an average BAC of 0.08% or higher in 2014 was the Saturday before Cinco de Mayo - May 3rd (0.090%)

Highest BACs? East Out Drinks West

When it comes to the highest average BACs for the month of December, the top five cities and states fall on or to the east of the Mississippi River.

The cities with the highest average BACs include: Waltham, Massachusetts (0.133%); Jersey City, New Jersey (0.132%); Champlin, Minnesota (0.124%); New Orleans, Louisiana (0.123%); and Greenville, South Carolina (0.111%).

The states with the highest average BACs include: Iowa (0.122%), Arkansas (0.113%), Alabama (0.112%), Maine (0.107%), and Tennessee (0.106%).

When it comes to the lowest BACs, every region is covered.

The cities with the lowest average BACs include: Brighton, Colorado (0.006%); Walnut Creek, California (0.013%); Huntington Beach, California (0.013%); Columbus, Ohio (0.014%); and Redwood City, California (0.015%)
The states with the lowest average BACs include: Mississippi (0.026%), New Hampshire (0.029%), Wyoming (0.031%) and New Mexico (0.036%).

What about Michigan?

The Great Lakes State in categorized in the report's East North Central region, which falls pretty much in the middle of the pack with an average BAC of 0.072%.

The report looked at four cities in Michigan: Detroit (0.094%), Rochester (0.088%), Livonia (0.076%) and Westland (0.048%).

This is the second Alcohol Consumption Report BACtrack has released that provides insights into drinking habits throughout the U.S.

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Obituary: David William "Captain Dave" Higgins

Source: Courier Journal
December 30, 2014

Higgins, David William "Captain Dave", 79 of Louisville, peacefully passed, surrounded by his greatest passion and accomplishment, his family, at his home on December 21, 2014.

David was born on January 8, 1935 in Louisville's West End. He graduated from Flaget High School, Class of '53 and The University of Louisville, where he was a member of Phi Kappa Tau fraternity. He had a distinguished career at Brown Forman that spanned 42 years, retiring as Chairman of The Wine Group. Dave was simple and humble in demeanor but so powerful and important to the many he touched in his rich and rewarding life. He was a dedicated civic servant who shared the talent given to him to see the future that few others saw, serving on the board of St. Vincent DePaul, West Louisville Youth Space, Trinity High School, president of St Raphael's Sarafun and Chairman of the 1991 Kentucky Derby Festival. He was a man of deep faith whose true passion was spending time with his wife and family. You could find him most summer weekends on Nolin Lake with his family, anchored at Conoloway Cove. He was preceded in death by his parents, John and Mary Higgins.

David is survived by the love of his life, wife of 57 years, Suzanne (Hambery) Higgins; his brother, John "Jack" T. Higgins Jr. (Mary); his six children, Lynn Vasiljevich (Tom), John Higgins (Tanya), Michael Higgins (Lynn), Matthew Higgins (Kim), Kathy Leah (Joe), and Patrick Higgins (Linda); 19 grandchildren, Alexis and Claire Vasiljevich, James, Connor and Tori Higgins, Nolan, Stewart, Marissa and Matthew Higgins, Kellie Shell (Tyler), Jilian and Logan Higgins, Army Second Lieutenant Joseph, Suzanne, David, Daniel and Michael Leah, Maxwell and Samantha Higgins; and one great-grandchild, Caleb Higgins.
The funeral Mass celebrating his life will be held at St. Raphael the Archangel Catholic Church, 2141 Lancashire Avenue, Louisville, KY 40205, on December 29, 2014 at 10 am. Burial will follow at Calvary Cemetery, Louisville. Visitation will be from 2-8 p.m. Sunday, December 28, 2014 at Highlands Funeral Home, 3331 Taylorsville Road, 40205.

In lieu of flowers please donate to St Vincent De Paul - Louisville Chapter, West Louisville Youth Space (formally St. Anthony’s Outreach) or Trinity High School.

The family would like to thank Dr. Renato La Rocca, Lennea Coombs, P.A., and all the nurses and staff at the Norton Cancer Institute.

For a man with a small foot he left a huge footprint.

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**Not Just A Man's Drink: Ladies Lead The Whiskey Renaissance**

Source: NPR  
December 29, 2014

What do Lady Gaga and Rihanna have in common with Founding Father George Washington? Whiskey.

Yes, our first commander in chief distilled the popular spirit. And these pop icons are helping to fuel a new female-driven whiskey renaissance.

Lady Gaga, according to the Irish Mirror, has described Jameson whiskey as a love interest. Rihanna sings about the spirit. Actress Christina Hendricks is featured in an ad for Johnnie Walker Black Label. And check out the bravado of the gun-toting, whiskey-drinking female bot in the posters for Samuel L. Jackson's forthcoming spy thriller *Kingsman: The Secret Service*.

"When it comes to whiskey, it seems like nobody can quite get enough of it," says Becky Paskin, editor of The Spirits Business magazine in London.

Worldwide sales of American-made whiskey, Paskin says, grew faster than any other distilled spirit in the past year, at a rate of about 7 percent. "That's a huge amount," she says.

Americans are snapping it up, too: According to IWSR (International Wine & Spirit Research), Americans drank 24 million cases of domestically produced whiskey last year - nearly a 30 percent increase from a decade ago.
And, Paskin says, "women are finding there's a lot going on with whiskey for them; it's not just a man's drink."

Back in the 1990s, only about 15 percent of whiskey drinkers were female. Now, according to Fred Minnick, author of Whiskey Women, women represent 37 percent of whiskey imbibers in the U.S.

So, what is it that women want in on? Taste is likely part of it.

Bourbons tend to have a nice, sweet streak of corn that can be pleasing to the palate. And grain-to-bottle distillers are upping the ante in creating all sorts of complex, flavorful spirits.

But taste isn't the whole story. The history of whiskey - with its connections to both power and temptation - seems to have whetted our appetite for it, too.

Whiskey has always been a part of the wheeling and dealing of power brokers, says Minnick.

He points to 19th-century statesman Henry Clay, who famously quipped that he used bourbon to "lubricate the wheels of justice." And, Minnick says, look at the talk of a "bourbon summit" between President Obama and incoming Senate Majority Leader Mitch McConnell.

To get a sense of the "old boys club" that once defined the ranks of whiskey-drinking power brokers, I ducked into the bar at the Willard Hotel, which is a stone's throw from the White House in Washington, D.C.

Henry Clay was known to have had a few drinks here, "right in this spot," says bartender Jim Hewes. The dark wood walls are still covered in old portraits of statesmen and other luminaries.

"It's not that women weren't allowed in here," Hewes says. "It's just that back then a lady wouldn't be seen in a gentleman's parlor, where men were drinking whiskey, smoking cigars and talking politics."

Now, clearly, today women have joined the ranks of power, be it in politics or business. But why has it taken women so long to warm up to whiskey?

It could be the remnants of a cultural taboo. If you go back to the decades after Prohibition, many women in the South had no compunction about spiking the punch bowl with bourbon. Drinking alcohol in private homes - as part of entertaining - was acceptable.

But in many places, women were not made to feel welcome in bars. That's because there was a strong association between women drinking, or serving, whiskey in a bar and prostitution. (In some places, women weren't even allowed to drink liquor at the bar.)
Though most women today are not aware of this association, it could help explain how the cultural unease lingered.

Also, as Minnick points out in his book, decades after Prohibition, in the 1960s, many states had laws that restricted women from serving liquor behind the bar.

"There's a lot of intimidation and mystery around whiskey," says Heather Greene, author of Whiskey Distilled: A Populist Guide to the Water of Life.

She teaches Whiskey School 101 at The Flatiron Room, a hip, fine spirits parlor in New York City. And she sometimes hears the equivocations of women who are new to whiskey.

"Is it OK to drink whiskey in a bar? Am I going to look assertive or aggressive? These are the questions" women may ask, Greene says.

But as more women are exposed to whiskey, attitudes are shifting, and these hangups are fading away.

I sat down with a group of women to learn some of Greene's tasting tips. As she poured a single-malt Scotch, she told us to "nose" the whiskey - give it a good whiff.

"Try to get the perfumes coming off the rim of the glass," she says. The notes of spice and nuts and vanilla - "those beautiful flavors are delivered into the whiskey" as it ages in the cask, she says.

One woman in our group, Lauren Brown, had never tasted whiskey but was intrigued. "Once you learn the lingo, it's kind of like wine tasting," Brown says.

"Women are absolutely the future of whiskey," Minnick says. And it turns out, women are a big part of whiskey's past, too.

In fact, an Egyptian woman who lived in the 2nd or 3rd century, Maria Hebrea, is credited with devising an early version of a still, a piece of machinery that likely paved the way for the development of modern-day stills used to produce distilled spirits.

And in the 18th century, women were producing most of the whiskey.

"In the early colonial days," Minnick explains, before industrial distilleries were popular, "women were the first distillers."

Back then, it was out of necessity. Women distilled in their kitchens, and whiskey was used as medicine. "If you had a scratch or a sore ear or a headache," Minnick says, a woman would give you whiskey. "It was the Tylenol, the ibuprofen of the day."
In fact, the skill of making whiskey was so coveted that men in the 1700s took out classified ads in gazettes looking for women who were good at distilling. "It's hilarious," Minnick says. "It was the Match.com" of the day. Men would ask women to marry them based on their distilling talents.

So, all this time, we've been shying away from whiskey, it's really been our spirit to own?

Well, now history is coming full circle. There's a vanguard of new female distillers, blenders and tasters.

From Becky Harris, co-founder of Catoctin Creek distillery in Virginia, to Meredity Grelli of Wigle Whiskey in Pittsburgh, these women are finding success as grain-to-bottle distillers.

Harris says the demand for her organic, rye whiskey is so strong, she's selling every drop she can produce.

Big spirits companies are also filling top spots with women. For instance, Marianne Barnes, who is a chemical engineer by training, is a master taster for Brown-Forman's bourbon whiskey brands.

And as the industry grows, Nicole Austin has found her niche as a whiskey consultant. She's also the master blender at Kings County Distillery in Brooklyn.

So, step aside gentlemen. Women are rediscovering whiskey, a pleasure we didn't even realize we'd lost.

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As Bourbon Booms, Demand For Barrels Is Overflowing

Source: NPR
Noah Adams
December 29, 2014

If you could make a lot of bourbon whiskey these days, you could be distilling real profits. Bourbon sales in this country are up 36 percent in the past five years.

But you'd need new wooden barrels for aging your new pristine product. Simple white oak barrels, charred on the inside to increase flavor and add color, are becoming more precious than the bourbon.

Making these barrels is a very old craft, almost an art, called cooperage. The Scots-Irish who settled in Appalachia could do this: Cut the white oak boards into staves, steam them to bend, make metal hoops to hold the barrel tight.
You can see this process is the small town of Lebanon, Ky. This cooperage is one of several owned by a company called Independent Stave, which is based in Missouri and is the largest maker of whiskey barrels in the world.

As the barrels take shape they are carried, rolled, and conveyed - sometimes overhead - to the different work stations. Starting out as a collection of oak staves, they are fitted together, steamed, bound with steel and seared with flame before arriving at the end ready for inspection.

"The barrel has water and air in it," says Leo Smith, the supervisor for the last stop on the production line. "They're looking for any kind of leak or defect in the barrel. ... He's gonna put a plug in that barrel where it's leaking, a small plug in it, and stop that leak."

The plug is a simple piece of cedar, whittled by hand.

Independent Stave is a family-owned company and they don't talk much about how many people work there or how many barrels they make. But plant manager Barry Shewmaker does say that production has doubled in the past two years.

"We're seen an increase, and it looks like it's ... there's no end in sight," Shewmaker says.

Independent Stave makes barrels for the big distilleries - Kentucky brand names you might have tasted - and so far Independent is staying steady with demand.

But there's another need for oak barrels: very small craft distilleries starting to make bourbon, vodka, gin or rum. Their output is low - sort of like a drop compared to the big brands - but someone does have to make the barrels.

Kevin and Paul McLaughlin moved to Louisville from Scotland and are joint presidents of Kelvin Cooperage here. For more than 20 years they've been crafting wine barrels, and they buy used bourbon barrels to fix up and sell to the whiskey trade in Scotland and Ireland.

But now a different market has come right to them: They're making white oak barrels for the new craft distillers. Paul McLaughlin demonstrates the charring process - they put oak scraps in the finished barrel - and soon the flames are visible. In the beginning it's called "toast."

"We start smelling kind of a baked bread - that smell, that's what we like, that's when we know we're getting a toast layer, and once we have the toast layer we'll let the barrel ignite, like that" says Paul McLaughlin. "You get baked bread, you get kind of a marzipan - really, really nice smell."

There may be as many as 700 small craft distillers in the U.S. today, and that number is going up fast.
"Some of them call and say 'I'm making whiskey, I've got my stills going and I need barrels, and I didn't think there would ever be a problem getting barrels,' " Kevin McLaughlin says.

At the Kelvin Cooperage in Louisville they are working overtime, but there's so much demand that the company estimates they could sell all the barrels they could make next year, 10 times over.

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**Class action takes on Anheuser-Busch over Bud Light Lime-A-Ritas**

Source: Legal Newsline
December 29, 2014

A class action lawsuit was filed against a popular beer maker on Nov. 12 alleging the company was deceptive in labeling its light beer products.

Sheila Cruz filed the lawsuit against Anheuser-Busch, which makes Bud Light products. Cruz alleges the company's Bud Light Lime-A-Rita products claim to be low in calories, but actually contain more calories than any other product sold by Anheuser-Busch.

An eight-ounce can of Lime-A-Rita contains about 220 calories and 21.9 grams of carbohydrates, according to the lawsuit. In comparison, a 12-ounce can of Budweiser contains about 145 calories and 10.6 grams of carbohydrates; a can of Bud light has about 110 calories and 6.6 grams of carbohydrates; and a can of Bud Light Lime has about 116 calories and 8 grams of carbohydrates.

The suit alleges that Anheuser-Busch deceptively concealed, omitted and misrepresented the calories in the products.

Anheuser-Busch advertises five different Lime-A-Rita flavors each varying between 192 and 220 calories, and 22.8 and 23.6 carbohydrates per eight-ounce can, the complaint says.

The lawsuit seeks class status for anyone who purchased any flavor of Bud Light Lime-A-Rita since it was first introduced in 2008.

Cruz is represented by Christopher P. Ridout and Caleb Marker of Ridout Lyon + Ottoson, LLP and Kevin Mahoney, Sam Kim and Nick Poper of Mahoney Law Group, APC.
On Dec. 18, the defendant removed the case to U.S. District Court for the Central District of California under the Class Action Fairness Act. The lawsuit was originally filed in a Los Angeles state court.

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Profits fall but Douglas Laing is on the up

Source: Herald Scotland
Scott Wright
Monday 29 December 2014

DOUGLAS Laing & Co, the Scotch whisky blender and bottler, has seen profits slump by more than 70 per cent after a demerger effectively halved the size of the business in 2013.

However managing director Fred Laing revealed the firm is on track to double profits and get back to its pre-restructuring position this year - well ahead of the three-year target.

The Glasgow-based company was split by brothers and owners Fred and Stewart Laing to ease family succession issues in May 2013.

The assets, including its brands and stock, were effectively halved. Fred Laing has since continued to trade as Douglas Laing, the company established by their father in 1948, while Stewart has set up a new blending and bottling business, Hunter Laing.

In its first accounts to become available since the demerger, Douglas Laing & Co posted pre-tax profits of £457,000 for the 11 months to March 31.

While this was down on the £1.6 million booked the year before, Fred Laing said the business had "fared remarkably well" given the significant restructuring which took place.

With the demerger resulted in two of its previously best selling brands moving to Hunter Laing, turnover at Douglas Laing dropped to £2.98m in the 11 months to March 31 from £6.5m in the 13 months to April 30, 2013. At the same time, the company did not to reduce its overheads but added to its management team under a strategy to regain its pre-merger strength within three years.

Douglas Laing is now headed by a senior management team comprising Fred Laing, daughter Cara and her husband Chris Leggat, formerly of Suntory. Three new members of staff bolstered its headcount to 17 over the year, with a further member due to be hired in early 2015.

The company also invested £1.1m in stock over the period, boosting its inventories by 40 per cent as well as more than £120,000 in technology and brand development.
Fred Laing said: "From our point of view, considering we had such a shortfall of brands with which to work, such was the negotiation which took place for us to hold on to the company, I think we fared remarkably well.

"We've integrated a lot of new staff, and the policy is now to bring in staff with only Scotch whisky heritage behind them, which is great and was not always previously the case."

The period covered by the results saw the brand introduce two new brands, the Old Particular single malt range and Scallywag, a blend of Speyside malts, which contributed five months worth of sales.

They have been joined in the Douglas Laing portfolio post year-end by two further brands, Timorous Beastie which is a blend of Highland malts, and an XOP or extra old "big brother" to the Old Particular brand.

Mr Laing said the launch of Scallywag added further "legitimacy" to non-age statement or NAS category to the industry, which has become important to distillers as pressure on stocks have mounted.

Douglas Laing first moved into this arena itself five years ago with the launch of the Big Peat Islay malt brand.

Mr Laing said: "The same has followed suit with the Highland brand that we have released this financial year. So we're not just dependent on our single casks - we really think we are opening up this "vatted malt" [category]. It's a sector where I think I can bring the blending lessons that my father taught me to bear yet again.

"Having been out of the blending business for what has been 12 or 15 years as we specialised on the single casks, it brings me back almost full circle to what my dad was teaching me in blending skills. It's very heartening."

Mulling the international outlook, Mr Laing said the tensions between Russia and Ukraine meant an order due to be dispatched to Donetsk was cancelled at the eleventh hour.

Despite the collapse of the rouble, Russia remains an improving export market for the firm, though Mr Laing admits the currency issue makes its prospects for 2015 less visible.

Elsewhere in Europe, Germany and France are the firm's two biggest markets, and Scandinavia continues to be a happy hunting ground. In Asia, Hong Kong and Japan are important export markets for the brands, while in North America trading in Canada was described as "patchy"

"We're not as strong in the USA, so we really regard that as an opportunity," Mr Laing noted. "2015 will be the year for the USA. There has been so much other focus internally,
[on] restructuring and indeed restocking. We've opened up filling programmes with new distilleries where we have had personal associations but not commercial associations.

"With what was essentially a smaller staff, we have been juggling a number of jobs each at the directorial level. Now we have the right people in place, it will allow Cara, Chris and myself to focus on the areas of strength we each bring to the equation."

Mr Laing noted the next set of accounts to be filed will be for a nine-month period as the firm returns to a calendar year reporting schedule.

And it is shaping up well, with turnover for the first eight months up 43 per cent at £3.1m.

Mr Laing said: "We're well on target to hit the position we were in within that three years. The two new brands we have introduced this financial year have impacted massively on the bottom line.

He added: "We've only had two months' sales from them both but it is sufficient to give our FD [finance director] the confident to close in December and bring things back on stream for a 12-month [accounting period] which is calendar year based as we progress."

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**Why You Should Limit Alcohol Before Bed for Better Sleep**

Drinking, drugs can have unexpected effects

Source: Cleveland Clinic  
By Brain & Spine Team  
12/22/14

That glass of red wine, a nightcap, or beer before bed can be a sure-fire ticket to falling asleep easily. But while they might ease you into a deep slumber initially, they can end up robbing you of a good night's rest.

"The problem is, in a single night, as the alcohol is metabolized during the second half of the night, it creates more fragmented sleep," says neurologist and sleep expert Jessica Vensel-Rundo, MD.

Even though alcohol is a sedative, its effects wear off during the night, she says. "There's more disruption. Deep sleep decreases during the second half, and REM, or dreaming, sleep increases."

What alcohol does while you sleep

When you are sleeping with alcohol in your system, it can cause:
Vivid dreams and nightmares: With alcohol in your system, you're more likely to have intense, colorful dreams and nightmares. There's also a chance you'll act out your dreams in your sleep or even sleepwalk.

"There are parasomnias where you have more sleepwalking or nightmares - even sleep terrors," Dr. Vensel-Rundo says. "Dream enactments can happen with alcohol, as well as with antidepressants."

Breathing problems: Alcohol's sedative effect extends to the rest of your body, as well.

"One of the concerns with alcohol, specifically, is that it tends to relax the muscles. It allows your airway to close more easily," she says. "So, it increases the risk of sleep apnea or worsens it if you drink within the last couple of hours before bedtime."

Opiates - narcotics used to treat pain - present even greater dangers. They can trigger central sleep apnea, a condition where your brain fails to signal your lungs to breathe.

How you'll feel the next day

If you drink alcohol or take a drug before bedtime, you can expect to wake up with some degree of grogginess, Dr. Vensel-Rundo says.

"From the sleep perspective, alcohol and drugs will make you feel like you're not refreshed," she says. "You're likely to experience insomnia, fragmented sleep, or simply waking up more frequently."

Stimulant medications, such as those used to treat Attention-Deficit Hyperactivity Disorder in adults and children, can also disrupt sleep and lead to depression, decreased motivation, insomnia or trouble waking.

Existing research also shows alcohol can decrease your melatonin levels, the hormone that regulates your body's internal clock, she says. If you become dependent on drugs or alcohol, you could get your days and nights mixed up.

"Individuals who abuse drugs and alcohol often spend all night using these substances. They sleep during the day and binge at night," she says. "Then, there's a big sleep-wake reversal, and that has to be dealt with as someone comes off the drugs and alcohol."

Getting back to normal

Simply cutting back or giving up alcohol and drugs can be enough to reverse the negative impacts on your sleep, but reversing the effects caused by prescription medications can be trickier.

"There needs to be a conversation between the patient and a sleep specialist who prescribed the medication," Dr. Vensel-Rundo says. "Sometimes, it's a matter of
decreasing the medicine to see if there's improvement, and sometimes you might need to stop under supervision.

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Is drinking alcohol going to make you fat?

Source: Washington Post
By Jill U. Adams
December 22

Are beer bellies a real thing? Do social drinkers really carry around an extra five pounds of weight?

I have avoided investigating the answers to this question for all my adult life - and all my years as a health reporter. Call it denial by someone who likes her wine.

Recently I learned that the caloric content of alcohol is higher (seven calories per gram) than that of proteins and sugars (both four calories per gram), and nearly as much as fats (nine calories).

That sounded very worrying, I'll admit. But remember that for managing weight, a more important number is the total number of calories in your beer (about 150 calories in a 12-ounce serving of regular brew, a reminder that there's more to a drink than the alcohol) or your glass of red wine (125 calories in a five-ounce serving). A sugar-heavy 12-ounce cola also carries 150 calories.

And as far as common wisdom on drinking and weight gain goes, I am here to report, the science is murky.

For starters, epidemiological studies in large populations frequently show that moderate drinkers tend to gain less weight over time than teetotalers, says David Hanson, an alcohol expert at the State University of New York at Potsdam. "There's every reason to believe people who drink alcohol will gain weight," he says, "but they don't."

Women who drink moderately - that's defined by the National Institute on Alcohol Abuse and Alcoholism as one drink per day for women, two for men - seem to do the best in terms of the dreaded weight gain in middle age. Looking at body mass index - a gauge of fat calculated by weight and height - a 1997 study found that women added an average 1.4 to their BMI in a 10-year period; but beer-drinking and wine-drinking women generally lost as much as 0.4 BMI units. For a 5-foot-4-inch woman, that's the equivalent to gaining 8 pounds or losing 2 pounds.

Rosalind Breslow, an NIAAA researcher, studied survey data from 45,896 adults to see if patterns of drinking made a difference in weight gain over time. Rather than looking at average alcohol consumption over a period of time, her team measured drinking days per
month and number of drinks on those days. She found greater BMIs in people who reported higher consumption on the days they chose to drink; for instance, men who had four or more drinks on days they drank had BMIs one unit higher than those who usually limited themselves to a single drink. For a 5-foot-9-inch man, that's a 7-pound gain. However, those who drank several days a week had lower BMIs than those who drank only occasionally - less than once a month.

"When you put it together, people who were heaviest drank a big amount with the lowest frequency," Breslow says. "The people who were the leanest drank small quantities more frequently."

This means that people who really let loose on the weekends, drinking-wise, may be at more risk for weight gain than people who have a single glass of wine with dinner most nights.

Some diet plans advise you to avoid alcohol if you want to lose weight. Weight Watchers doesn't ban alcohol, but it assigns points to alcoholic drinks to make sure dieters are accounting for those calories. "Otherwise, we're totally neutral on whether you drink one or two glasses of wine," says Gary Foster, the chief scientific officer at Weight Watchers. "You spend your points the way you want."

Still, Foster warns, alcohol has a disinhibiting effect on behavior. You might go into a holiday party with the plan to stick to fruit and vegetables, but after a drink or two, you may throw that plan away and dive into the fried foods. "You wouldn't make your best business decisions after two glasses of wine," Foster says. "You won't make your best eating decisions, either."

There's also the question of whether alcohol stimulates appetite. In laboratory studies, people primed with a drink will generally eat more than they do when they don't have a drink. This may be the disinhibiting effect Foster describes. Even if people eat the same amount after a cocktail as they do without one, they would still be taking in more calories - the drink plus the food. There's evidence that the body doesn't notice liquid calories the same way as it does those from solid food, so overall caloric intake goes up with alcoholic drinks, as it does in meals with sugary sodas.

Most of us don't drink under laboratory conditions however. Breslow did a study last year where she sifted through six years of survey data to find 1,864 people who had reported a day's worth of eating and drinking on two occasions - one day with alcohol and one without.

Calorie intake on drinking days was more than on non-drinking days - by 433 calories for men and 299 calories for women. The researchers looked at what kinds of food people ate on the two days and found that men ate more white potatoes, meat and fats on drinking days. "That sounds suspiciously like hamburger and fries," Breslow says, although she
cautions that the researchers didn't actually collect that level of detail. They also ate less fruit and drank less milk.

The study showed that in real-life situations, people consumed more calories and ate less healthful food on days they drank than on days they didn't.

So what's the takeaway here? If you're a social drinker, you need not necessarily gain weight. But you might examine your habits; for example, when you indulge in drink, do you also indulge in junk food?

Breslow, who is also trained as a dietitian, leaves me with this advice: This holiday season, think before you eat. Plan before you go to a party. And watch out for portion size - for both food and drink. "You can fit several drinks into a large glass, so you could end up drinking more than you think," she says.

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**Warning over deadly fake vodka discovered on sale**

High Street retailers alerted to proliferation of bogus alcohol that could prove deadly being offered at bargain prices over festive period

*Source: The Telegraph*  
29 Dec 2014

New Year partygoers have been warned that thousands of bottles of fake vodka containing chemicals that could prove deadly have been discovered on sale across Britain.

High Street retailers throughout the country are being alerted to the proliferation of bogus alcohol being offered at bargain prices over the festive period.

The new warning follows the seizure by Trading Standards officers of 166 bottles of counterfeit vodka from three Luton shops.

Meanwhile, a raid on an illicit factory in Derbyshire found 20,000 empty bottles, filling equipment and empty cans of anti-freeze.

Fake bottles of Smirnoff found to contain a chemical used in anti-freeze were also seized in Weston-super-Mare, Somerset.

In the Luton case, officers removed vodka branded "Glen's" and "Kommissar" from shop shelves after noticing the label on the bottle said "botteled" rather than "bottled". The Kommissar was found to have fake duty-paid labels.
Three samples were discovered to contain dangerously-high levels of isopropanol, commonly used as an industrial solvent, and butanol, which is used in paint remover.

Councillor Aslam Khan, portfolio holder for public health, told Off Licence News: "Drinking these chemicals could cause serious illness or even death in extreme cases.

"Many unsuspecting consumers may think they are buying cheap duty-free alcohol, when they are actually buying fake and dangerous products."

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**Prosecco Enjoys Bubbly Times**

Source: WSJ  
By Tripp Mickle  
December 29, 2014

This week's New Year's libations will illustrate an increasingly established truth in the sparkling-wine business: Sales are bubbling, but it's got little to do with Champagne.

Though shipments of French-made Champagne have been climbing in the U.S. since 2009, the real pop in the sparkling-wine industry is coming from Prosecco. Sales of the sweeter and less expensive Italian-made cousin of Champagne rose 32% in the 12-month period ended Dec. 6, five times the growth rate of sparkling wine overall, according to Nielsen.

"Prosecco is by far the hottest segment in sparkling wine, and you could make a case that Proseccos are one of the biggest factors in the wine business's impressive growth," said Jon Fredrikson, co-owner of Gomberg, Fredrikson & Associates Wine Industry Consultants.

This is a critical period for sparkling-wine producers. More than 20% of their annual U.S. sales take place during the last three weeks of the year, often making or breaking annual results for brands like LVMH Moët Hennessy Louis Vuitton SA's Moët & Chandon, Pernod Ricard SA's Perrier-Jouët, and Mionetto SpA's top-selling Prosecco. Last year, the week of New Year's Eve by itself represented a 10th of annual sales for sparkling wine, according to Nielsen.

Sparkling-wine sales dipped almost 3% in the U.S. following the recession but quickly recuperated in 2010 when sales increased 7%, according to Nielsen. Sales have increased in the single-digits since then and are expected to extend that streak this year.

"Sparkling-wine sales have been on fire for us and growing throughout the year," said Melissa Devore, vice president of wine buying at Total Wine & More, the Potomac, Md.-based alcohol retailer with 113 stores in 16 states. She said that this week will deliver 15% of annual sparkling-wine sales for the retailer. Italian sparklers, in particular, are "the trendy thing right now," she said.
Champagne shipments to the U.S. from 2007 to 2009 plunged 42% to 12.5 million bottles, as the economic crash damped appetites for pricey drinks. Shipments didn't return to prerecession levels until 2011, and last year's total of 17.8 million bottles fell far short of the peak shipment total of 23.2 million bottles in 2006, according to the Champagne Bureau, USA, a trade association that represents winemakers from Champagne, France.

The U.S. Prosecco boom, which began almost five years ago, has benefited companies like Zardetto Spumanti SRL, E. & J. Gallo Winery, which makes La Marca, and Casa Vinicola Zonin SpA, which makes Zonin Prosecco. Oenophiles don't all favor the drink, but it managed to establish some cachet. Many drinkers preferred its fruit-forward profile to Champagne's more complex mix of fruit and bread flavors, and bartenders increasingly featured Prosecco in craft cocktails.

Prosecco also offered a cheaper alternative to Champagne. The average bottle of Prosecco costs nearly $12, putting it in the sweet spot for sparkling-wine prices. Sales of bubbly priced at $10 to $15 a bottle jumped 10.5% in the 12 months ended Dec. 6, and now account for a third of all sparkling-wine sales, according to Nielsen.

Prosecco isn't the only Champagne challenger. But other trendy sparkling wines have had less staying power. Sales of Spanish-made cava increased 2.2% during the 12 months ended Dec. 6, while sales of Moscato, which is made everywhere from Germany to California, decreased 3.8% but remain above 2012 totals, according to Nielsen.

U.S. bubbly have tried to grab a greater share of the market for celebratory imbibing, sometimes defying France's efforts to limit the "champagne" name to wines from the eponymous region in the country's northeast. Privately owned Korbel, which claims a 17% share of the U.S. market, began marketing its wine as California Champagne in the early 1900s and continues to feature those words on its labels despite pressure from French growers to drop it.

The tactic, which also is used by Constellation Brands Inc.'s Cook's California Champagne, helped sales of U.S. bubbly increase 4.6% in the 12-month period ended Dec. 6. A Korbel spokeswoman said the company expects New Year's sales to push annual, gross sales past $100 million, with 15,000 more cases sold than a year ago.

Proper Champagne has stubbornly remained a premium product, generally selling in the U.S. for a minimum of $50 a bottle. Still, shipments are expected to rise this year after increasing 1% last year, and Champagne Bureau Director Sam Heitner said the competition is actually helping. "The more people drink sparkling wine," he said, "the stronger the opportunity for champagne to take people thinking about sparkling wine and move them into the Champagne category."
Korbel winemaker lies on TV about Champagne and sparkling wine (Excerpt)

Source: The Gray Report
December 29, 2014

What's the difference between Champagne and sparkling wine? How would you answer that question?

The correct answer is "Champagne is a kind of sparkling wine that comes from the Champagne region in France." But that's not what the head winemaker from Korbel said on the San Francisco Fox affiliate, KTVU, on the morning news on Saturday.

The U.S. government has fought Europe for years for Korbel to have the right to keep calling its sparkling wine "Champagne," so it's not surprising that Paul Ahvenainen says his company's product is something it's not.

http://blog.wblakegray.com/2014/12/korbel-winemaker-lies-on-tv-about.html

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Burgundy Winemakers Buy More of Jura

Source: Wine-Searcher
By Wink Lorch
29-Dec-2014

Burgundy's interest in Jura has continued with the Boisset Group taking over Jura's Henri Maire brand.

On December 23 Henri Maire Developpement (HMD) announced that the Boisset Group of Burgundy had agreed to take over the majority shareholding of Henri Maire.

The late Henri Maire founded his eponymous company in 1945, and it became the most important wine producer in Jura from the 1960s until the early 2000s. Today, it is the third-largest producer and the biggest single vineyard owner in the region, with more than 230 hectares in production, or about 12 percent of the region's vineyards.

Henri Maire was a pioneer in direct selling and was also famous for its sparkling wine brand Vin Fou. Originally made from Jura base wine, as the wine became more popular, base wine was sourced all over France. The brand still exists in various forms but only the Vin Fou Crémant du Jura is from the region.
From vineyards across the region, though predominantly in Arbois, Henri Maire makes a range of other Jura wines including vin jaune and Château-Chalon, of which it has substantial stocks.

After more than two decades of financial problems, the Henri Maire family lost control in 2010 when it was taken over by a Luxembourg financial company, Verdoso Industries, which created the company HMD. As well as investing in Henri Maire's Jura vineyards and wineries, the new HMD company invested in Burgundy taking over Nicolas Potel, Labouré-Roi and, from Boisset, Dufouleur.

In a complicated share transaction Boisset has been an investor in HMD for some time but, as recently as December 2013, financial reports indicated that Boisset did not intend to take over the company.

Jean-Claude Boisset is one of the largest négociants and growers in Burgundy as well as one of the world's most important wine producers with wineries owned across France and California.

It is likely that Boisset's interest in Henri Maire lies especially in its plantings of Chardonnay and Pinot Noir, which together make up almost two-thirds of its Jura vineyards. These may be used to make Crémant du Jura, a style that is enjoying growth across export markets.

Henri Maire's holdings include one particularly well-sited 60-hectare estate on the borders of Arbois and Pupillin, Domaine du Sorbief, planted with all five of the permitted Jura varieties and good potential for production of fine Jura wines of all styles.

Following suspension of trading in HMD, and a statement of intent by Boisset to raise further capital, HMD states that it will issue a further communication about the takeover in February.


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Court of Master Sommeliers, Americas Announces New Chair and Vice Chair of the Board

Andrew McNamara and Drew Hendricks Assume Chair and Vice Chair Positions on the Board of Directors for the Court of Master Sommelier, Americas

Source: WineBusiness.com
December 29, 2014

The Court of Master Sommeliers, Americas today announced Andrew McNamara as the new Chair and Drew Hendricks as the new Vice Chair of the Board of Directors. McNamara is the Director of Fine Wine/ Master Sommelier for Premier Beverage Company and Hendricks is the Vice President of Vintage Marketing and Fullbook and General Manager of Wichita for Standard Beverage Company.

Devon Broglie and Matt Stamp were named new members of the Board, and Matt Citriglia, Doug Frost and Tim Gaiser were re-elected. Other Board members include Keith Goldston, Laura Maniec, Brett Zimmerman, Wayne Belding, John Blazon, James Tidwell and Emily Wines.

Andrew McNamara-McNamara is the Director of Fine Wine/ Master Sommelier for Premier Beverage Company, a member of the Charmer-Sunbelt Group. He works to help maintain Premier’s "put the customer first" initiative, while broadening the company's scope through education and training. McNamara also directs the Premium Account Development Specialist team and Augustan Wine Imports.

Prior to joining Premier Beverage Company, McNamara was a member of the sommelier team at the Breakers in Palm Beach, Florida. While at the Breakers, Andrew passed the Master Sommelier Exam in 2007, where he became the 10th person to win the Krug Cup - awarded to the individual who passes the Master Sommelier Exam on the first attempt with the highest score; there are now just 13 other individuals who hold that accolade. At the Breakers, McNamara oversaw the beverage operations of L'Escalier, a winner of the AAA Five Diamond award and the Wine Spectator Grand Award since its inception in 1981. He was named one of the "Best New Sommeliers of 2008" by Wine and Spirits.

McNamara got his start in the wine business at Arthur's Wine Shop in Charlotte, North Carolina. He holds a Bachelor of Science degree in Mathematics from Davidson College in Davidson, NC.

"I am honored to lead this prestigious organization as Chairman and I look forward to the privilege of representing our 140 Masters during this period of unprecedented growth. The Court is well-positioned to continue our mission as the preeminent beverage examination and education organization in the world."

Drew Hendricks-Drew Hendricks is the Vice President of Vintage Marketing and Fullbook and General Manager of Wichita for Standard Beverage Company.

Prior to joining Standard Beverage, Hendricks was the Vice President of Sales and Marketing for Rudd Oakville Estate and Distillery No. 209 Gin. Before that, he was the Corporate Director of Wine for Pappas Restaurants in Houston where he oversaw wine and education in more than 60 restaurants. Under Hendricks' direction the prestigious Wine Spectator Grand Award was awarded to both Pappas Bros. Steakhouses. He was
named one of the "Best New Sommeliers of 2005" by Wine and Spirits, in 2007 he took first place International Chaine des Rotisseurs Young Sommelier Competition and in 2008 went on to pass the Master Sommelier exam.

Recognizing there was a need for more camaraderie and education in the sommelier world, Hendricks co-founded, with James Tidwell MS, the TEXSOM Conference, which in 2014 celebrated its 10th anniversary.

"We are enthusiastic about the future of the Court, and we are in a dynamic phase right now. Serving on the board has been a great honor and I am looking forward to serving with Andy and the board for the next three years."

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**JD Wetherspoon plans to create 15,000 jobs and open 200 new pubs**

Pub chain reveals five-year plan to boost staff and estate as chairman Tim Martin again highlights tax burden on pub industry

Source: The Telegraph
By Alan Tovey
29 Dec 2014

Pub chain JD Wetherspoon plans to create 15,000 new jobs and open 200 pubs over the next five years as the company expands its estate.

The company opened its first outlet in 1979 and now has an empire of 931 pubs and is targeting both the UK and Republic of Ireland for the launches.

Wetherspoon said the jobs being created will be spread across both new and existing pubs and will include management as well as bar and kitchen positions.

Tim Martin, Wetherspoon founder and chairman, said: "We are proud to be creating so many new jobs and are looking forward to opening the new pubs, many of which will be in areas where Wetherspoon is not yet represented."

Mr Martin has been a vocal campaigner over taxes levied on the pub industry, calling for the 20pc VAT they pay on food and drink sales to be reduced and highlighting that supermarkets pay 7.5pc on sales of similar products, claiming that VAT is the "biggest danger" to Britain's pubs.

"Wetherspoon paid more than £600m in taxes in our last financial year," he said. "This will rise to approximately £1bn in the course of the next five years."
Reporting the company's annual results in September, Mr Martin said the each Wetherspoon's pub paid an average of £662,000 in tax a year.

In the year to July 27 the company's revenues climbed to £1.41bn from £1.28bn and pre-tax profits excluding one-off costs such as write-downs rose 3.1pc to £79.3m.

Wetherspoon was recently involved in a row with Heineken that saw the company stop serving the Dutch brewer's products.

The pub chain - which takes about £60m of Heineken products a year - fell out with the brewer, claiming that it had refused to supply its new pub in Dun Laoghaire, the company's second outlet in Ireland.

Wetherspoon claimed Heineken had asked for a personal guarantee from the pub group's chief executive John Hutson that he would pay the new venue's bill if the company was not able to.

Analysts speculated that the real cause of the row was Wetherspoon's bargain pricing policy, which undercut other Irish pubs.

The argument highlights the different structure of the pub industry in Ireland, which has much more diverse ownership than in England. This means that the brewers have a stronger position than in England, where the dominance of very large pub chains puts them in a better position to negotiate pricing.

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Supermarkets, Convenience Stores Now Woo Diners, Too

They Beef Up Menus With Fresh, Made-to-Order Offerings

Source: WSJ
By Julie Jargon And Annie Gasparro
Dec. 29, 2014

Consumers weighing whether to dine out at a tablecloth restaurant or a fast-food joint now have additional options to consider: the grocery store and the minimart.

Supermarkets have long offered items like rotisserie chicken, and convenience stores have served roller-grill hotdogs and heat-lamp pizza. But in recent years companies in both categories have reformatteed their stores and beefed up their menus with fresh, made-to-order offerings that they hope will woo eaters from traditional restaurants and burger joints and lead them to buy other goods the stores sell as well.

Sales of prepared foods and baked goods at Whole Foods Market Inc., which pioneered the sale of fresh-cooked items in its stores, more than doubled to $2.7 billion in fiscal 2014
from $1.3 billion in 2007. That puts Whole Foods on a par with restaurant companies like Chipotle Mexican Grill Inc., whose sales were $3.2 billion last year. Other grocery chains are following suit. Industry giant Kroger Co. is experimenting with putting grilling stations between its meat and seafood areas, and Mariano's, a Chicago-area unit of Roundy’s Inc., has opened new outlets with sushi counters and oyster bars.

Meanwhile, Sheetz Inc., a chain of 487 convenience stores and gas stations, has rolled out barista stations that offer fruit smoothies and coffee drinks, as well as full-service kitchens that can make items like mozzarella sticks and burritos and provide in-store seating. And Wawa Inc.'s more than 650 convenience stores have counters that make items from French onion soup to custom-ordered sandwiches. The Wawa, Pa., company aims to compete with fast-casual chains like Panera Bread Co. in terms of quality, but at fast-food prices, says Mike Sherlock, vice president of fresh food and beverage.

Advertisement

While sales of dinner are declining at fast-food and casual-dining restaurants, eating dinner at grocery stores has risen 7% over the past five years to 1.8 billion visits annually, according to the market-research firm NPD Group Inc.

Similarly, the number of meals served at convenience stores in the 12 months ended August 2014 grew 3.1% from the prior year, compared with a 0.4% decline at restaurants, NPD says.

Restaurant chains are taking note: During an investor call this month, Mike Andres, McDonald’s Corp. 's U.S. president, said convenience stores are among the top competitors it is contending with as it tries to reverse a two-year slump in its U.S. sales.

Both supermarkets and convenience stores are embracing fresh foods to compensate for softer sales of some of their traditional offerings.

"The other things c-stores sell are under pressure," said Joe Sheetz, chief executive of his namesake chain. "People don't smoke as much as they used to or use as much gas as they used to." He added that food is far more profitable for Sheetz than gasoline, with margins of up to 40%, compared with about 5% for gas.

Sheetz makes its entire menu available 24 hours a day rather than segmenting breakfast, lunch and dinner. The CEO says such flexibility is particularly appealing to customers in their mid-teens to mid-30s, who have been defecting from places like McDonald's.

William Franklin, a 23-year-old graduate of the University of North Carolina at Wilmington, frequents a Sheetz near the Raleigh-Durham International Airport. On a recent morning, he ordered a hamburger.

"It's pretty good for gas-station food," he said.
Whole Foods, which opened its first in-store bar in 2009, has been increasing the sophistication of its fresh-food offerings and dining areas. Five years ago, it had no full-service restaurants and fewer than a dozen venues where customers could sit, eat and have a beer or a glass of wine. Now it has more than 100 stores with such venues, and they carry names like Da’Vine Wine Bar or Taylor Street pasta bar. About half of them offer waiter service, Whole Foods said.

"We used to think of food service as this smaller part of the grocery business," said Paul White, senior prepared-foods coordinator at Whole Foods. "We are turning it on its end."

The added offerings bring additional complexity and cost. Sheetz today employs an executive chef, a research-and-development team to come up with recipes and cook-time standards, a food-safety department and an analytics team that studies the buying habits of customers to customize food by neighborhood.

Bob Mariano, CEO of Roundy's, said that running a restaurant is an entirely different business than running grocery stores. It is more complex and requires employees with a different skill set, he said. It's hard, he added, to get the interior design right, with lighting, ambiance and seating that will encourage customers to stay.

Still, he said, margins are better at the restaurants than at the rest of the grocery store, even when the higher labor costs are taken into account.

"We have regulars who come in to see their favorite bartenders; people roam around or plan to meet people somewhere," Mr. Mariano said. "They're using us as a destination."

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**Belly up to the BAR for alcohol-sales success**

Source: NRA
December 29, 2014

The National Restaurant Association is expanding beverage and alcohol programming at this spring's NRA Show to help restaurant professionals develop successful bar programs.

The newly named "BAR" event - the Beverage Alcohol for Restaurants program - will be held May 17-18. Originally known as the International Wine, Spirits & Beer Event, BAR at NRA Show will feature expanded beverage and alcohol options and will be co-located with the 2015 National Restaurant Association Restaurant, Hotel-Motel Show, to be held May 16-19 in Chicago.

"We wanted our attendees to have a direct word association with BAR at NRA Show and its purpose, which is to connect beverage alcohol to restaurant brands and menus," said convention chair John Metz, chef/co-owner of Marlow's Tavern, Aqua Blue, and Hi Life
Kitchen and Cocktails, and an NRA board member. "Now, not only the name, but also the location, will showcase the importance of beverage alcohol and foodservice working hand-in-hand to contribute to an operation's bottom line."

BAR will also bring the biggest beverage-alcohol buyers together as part of its Top Buyer Program, and showcase new educational sessions and events. These include:

- the Restaurant Menu Pairings Program, which will team up dishes from some of Chicago's hottest restaurants with various beverages
- the Demo Lounge, where mixologists and other beverage experts demonstrate their skills, new products and current trends
- new pavilions, like Craftique, which will feature limited-production producers, including independent distilleries, breweries and wineries, and
- Bar Necessities, which will highlight nonalcoholic bar-program options that drive sales.

The NRA Show attracts more than 63,000 attendees from all 50 states and more than 100 countries. For more information, visit Restaurant.org/Show and WineSpiritsBeer.org. Also, find the NRA Show on Twitter @NRAShow, Facebook, and Instagram @NRAShow.

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**Online sales exceed lofty expectations**

Source: RT
By Mike Troy
December 29, 2014

Retailers expected online sales to hit record levels in 2014 and did they ever.

New all-time highs for e-commerce sales are now expected for the November through December time frame following a strong surge in sales during the final week before Christmas, according to the digital measurement firm comScore.

U.S. retail e-commerce spending from desktop computers from Nov. 1 through Dec. 21 increased 15 percent to $48.3 billion from $42 billion during the same period the prior year, according to comScore. Much of that volume came during the final week before Christmas (Dec. 15-21) when online sales surged 18 percent to $5.8 billion.

"This final week of online holiday shopping before Christmas was very strong, finishing off the season on a high note and virtually guaranteeing e-commerce spending will outperform our pre-season forecast," said comScore chairman emeritus Gian Fulgoni. "We are now running at a 15 percent growth rate in desktop e-commerce for the season, which should be taken as a very positive sign for the economic health of both the American consumer and the e-commerce channel as a whole."
In the final week of the year, another $5 billion in online sales volume is expected to push e-commerce to another new all-time high.

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**Walgreens-Boots merger one step closer**

Source: RT
December 29, 2014

Walgreens is poised to start 2015 off with a bang, as the company has nearly finalized its mega-deal with Alliance Boots.

Walgreens shareholders voted to approve all proposals related to the company's acquisition of the remaining 55% of Alliance Boots that it does not currently own and the reorganization of the company into a holding company structure.

"This truly is an extraordinary time for Walgreens as we achieve our vision of becoming a pharmacy-led, global enterprise for health and well-being with Alliance Boots," Walgreens president and CEO Greg Wasson said.

The transaction, set to close on Dec. 31, will fully combine the two companies to form the first global pharmacy-led, health and well-being enterprise. The companies launched a long-term strategic partnership in June 2012, when Walgreens acquired a 45% equity ownership in Alliance Boots, with the option to proceed to a full combination by acquiring the remaining 55% of Alliance Boots. Walgreens exercised the option to acquire the remaining 55% of Alliance Boots in August.

The reorganization will result in Walgreens becoming a wholly owned subsidiary of Walgreens Boots Alliance and shares of Walgreens common stock will be converted into shares of Walgreens Boots Alliance common stock on a one-for-one basis.

Walgreens Boots Alliance will be domiciled in the United States and headquartered in Deerfield, Ill. Shares of Walgreen Boots Alliance common stock will be listed on the Nasdaq Stock Market and will trade under the ticker symbol, WBA.

The news of the Alliance Boots vote comes as Walgreens reported a 16.4% lift in quarterly profit to $809 million for the first quarter ended Nov. 30. Net earnings per diluted share for the quarter increased 18.1% to 85 cents, compared with 72 cents per diluted share in the year-ago quarter.

"This quarter we had solid performance across both our pharmacy and retail products businesses," Wasson said. "We truly appreciate that our 8,200-plus store teams exceeded the overall retail market in year-over-year sales growth heading into the holiday season, as we grew gross profit dollars faster than our costs during the quarter."
Utah: Utah lawmaker seeks to ban powdered alcohol

Source: Washington Times
By MICHELLE L. PRICE
December 29, 2014

A state lawmaker wants to make Utah the latest state to ban the sale of powdered alcohol before the product has a chance to win approval from a federal agency and possibly make its way to Utah liquor stores.

Powdered alcohol, an ounce of rum or vodka designed to be mixed with water or other nonalcoholic liquids, is touted as a lightweight way to mix drinks while traveling or backpacking.

Six states have already banned the product, according to the National Conference of State Legislatures. Several others, including Colorado, are considering bans.

Lipsmark LLC, the Tempe, Arizona-based company that owns Palcohol, says it's not expected to be in U.S. stores until spring. The product still needs a labeling approval from the federal Alcohol and Tobacco Tax and Trade Bureau.

"We're simply trying to get ahead of the curve," said Utah state Rep. Steve Eliason, a Sandy Republican who plans to run a bill banning the product during the upcoming legislative session.

Eliason said the product would be difficult to track because it's much more discreet than traditional liquid alcohol and could be combined with food.

Trying to control it and keep it out of the hands of kids would be "just a regulatory nightmare," Eliason said.

Lipsmark said no one with the company was available to talk on the phone to The Associated Press, but in an emailed statement, Palcohol creator Mark Phillips said a state ban is irresponsible because it will create a black market for the product.

"We know from experience that Prohibition doesn't work," Phillips said. "So the responsible action by a legislature should be to regulate it to keep it out of the hands of underage drinkers."

The product would be sold in liquor stores, and purchasers would need to show identification, Phillips said.
Eliason and others say they're concerned people may also try to snort the powder, which the company says would be painful and impractical, taking much longer to inhale a full packet than it would to mix it and drink.

The company plans to release the powder in two forms: one to be consumed, and another for industrial uses such as a fuel source.

The drinkable forms, sold in a pouch equivalent to a shot of alcohol, could allow campers, outdoor enthusiasts and airlines to prepare mixed drinks while carrying less weight, according to the company.

Besides a straight vodka and rum version, they plan to release ready-made cocktails such as a cosmopolitan, mojito, lemon drop and powderita, similar to a margarita.

If the product is approved by federal regulators, it would still need approval from Utah's Department of Alcoholic Beverage Control before it could end up in state liquor stores.

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**Michigan: Gov. Snyder vetoes air gun, liquor license bills**

Source: Washington Times
By DAVID EGGERT
Associated Press
December 29, 2014

Gov. Rick Snyder on Monday vetoed bills that would have loosened licensing restrictions on air guns and lowered certain liquor license fees, saying lawmakers failed to pass related gun measures and address the loss of up to $600,000 in liquor fee revenue.

The National Rifle Association-backed air gun legislation was made up of seven bills that would have ended Michigan's status as one of just four states to classify most pellet guns as firearms and limited local governments' ability to set their own rules over the "pneumatic" guns. The Republican governor said four Senate-initiated bills reached his desk while three House-sponsored measures that were part of the package never won approval from the Senate.

Signing a portion of the package would have resulted in a number of inconsistencies in state law, Snyder said in a letter to senators.

"In short, the enactment of these four Senate bills would result in a situation that would be extremely confusing for both law enforcement and gun owners," he wrote.

A spokeswoman for Republican Senate Majority Leader Randy Richardville said senators chose to prioritize those four bills because they ran out of time to finalize the legislation at the end of the two-year session.
"I'm sure we'll see this issue come up again in the next session," Amber McCann said.

Dakota Moore, a state liaison with the NRA, said the group was "very disappointed" the bills weren't enacted but agreed with Snyder's assessment that signing only some measures would lead to incongruent laws.

"However, the NRA does believe that these bills have substantial merit and we will work to ensure expedient passage of the entire package in the early months of 2015."

Snyder also vetoed legislation that would have prorated fees for liquor licenses effective for less than nine months. A Senate Fiscal Agency analysis had predicted the move would cause an "indeterminate but likely minor" loss of revenue for the Liquor Control Commission and local law enforcement agencies, but Snyder said the commission estimated a $500,000-$600,000 annual reduction.

Snyder also expressed concern about a provision that would have let the state sanction businesses if they sell alcohol to minors or visibly intoxicated customers at least three times in the same building in a two-year period. The threshold currently applies to liquor licensees across several locations.

"That lessens the ability of the Commission to protect public health," Snyder wrote of the bill that had been passed easily in the GOP-controlled Legislature.

The measure's sponsor, Democratic Rep. Scott Dianda of Calumet, said he was "extremely disappointed" by the veto.

"By vetoing this bill, the governor is forcing many small businesses to pay an expense twice in one year, an expense many cannot afford. This is unfair to small businesses in our state and only deters them from building and growing in Michigan," he said.

Also Monday, Snyder signed a law redirecting $5.5 million from a state autism fund to autism programs at universities and for autism-related family assistance services. The fund was created in 2012 to reimburse health insurance companies for the cost of benefits covering the diagnosis and treatment of autism spectrum disorders. But insurers haven't filed nearly as many claims as expected.

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**Canada: Sask. government trying to make its liquor stores look bad, NDP says**

Source: CBC  
December 29, 2014
With privatization of Saskatchewan liquor one of the options under consideration, NDP leader Cam Broten is accusing the government of intentionally running its stores into the ground.

While Broten doesn't mind that the Saskatchewan Party government has decided that all new liquor stores must be built and run by the private sector, he told CBC News he worries what will happen to existing Liquor and Gaming Authority stores.

Privatizing all 75 government-owned liquor stores is one of the options being studied by a committee.

Other options include adding more private stores, the status quo or even going back to the previous system and expanding the number of government owned stores.

Premier Brad Wall says he wants to see what the public has to say, but Broten says the government appears to be trying to make SLGA stores look bad.

"They have been trying to make the SLGA stores poor, crappy ... by not having beer fridges so the beer is cold when you go in, not having good selection, not having some price changes," he said. "You know, these are things that could be done."

However, in a recent interview with CBC, Wall said he's hoping to make improvements to Saskatchewan liquor stores.

He says Saskatchewan-made craft beer and liquor are growing industries and the provincial government needs to do a better job of promoting them.

Both the private and public liquor stores should have dedicated sections for local products, Wall said.

"Let's find a way to display it properly," he said. "If I walk into a Saskatchewan liquor store, wouldn't it be neat if I could see a display [where] I know I'm buying Saskatchewan dill pickle vodka, spirits or beer."

Wall says the liquor and gaming minister will be making an announcement about more shelf space for Saskatchewan liquor products soon.

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**Colorado: Study: Pot use higher in Colorado**

Source: USA Today
December 27, 2014
Colorado emerged as the state with the second-highest percentage of regular marijuana users as it began legalizing the drug, according to a new national study.

The Denver Post reports the study by the National Survey on Drug Use and Health found about 1 out of 8 Colorado residents older than 12 had used marijuana in the past month. Only Rhode Island topped Colorado in the percentage of residents who reported using pot as often, according to the study.

The study averaged state-specific data over two-year periods. It found that, for the 2011-2012 period, 10.4% of Colorado residents 12 and older said they had used pot in the month before being surveyed. That number jumped to 12.7% in the 2012-2013 data. That means about 530,000 people in Colorado use marijuana at least once a month, according to the results.

Nationally, about 7.4% of people 12 and older reported monthly marijuana use. That's an increase of about 4%.

In Washington state, which also legalized marijuana use and limited possession for adults, monthly pot use rose about 20% to 12.3% of people 12 and older.

The survey is among the first to quantify pot use in Colorado since late 2012, when voters approved legal pot use and possession for those over 21. But the survey did not analyze data from 2014, when recreational marijuana shops opened, which means it is not a good indication of the effect of commercial sales on marijuana use.

"I don't think this tells us about the long-term impacts of legalization," said University of California, Los Angeles, professor Mark Kleiman, who studies marijuana policy. The number of medical marijuana patients in Colorado rose over the same time period, so the results are not surprising, Kleiman said.

He told The Post that researchers will have a better idea about pot use in the first state to legalize recreational sales of the drug once they can focus on data showing how many people use pot daily.

"The fraction of people who are monthly users who are in fact daily users has gone way, way up," he said.