In the Matter of the Proposed Suspension of the Basic Permit Issued to:

MB Vogelzang Vineyards, LLC
P.O. Box 91240
Santa Barbara, California 93190
Basic Permit CA-P-15974

No. AF-97737

SUSPENSION AGREEMENT

1. MB Vogelzang Vineyards, LLC, waives its right to file an answer and its right to a hearing before an administrative law judge, agrees to accept concurrent service of the Order to Show Cause and the Suspension Decision, and admits the violations set forth in the Order to Show Cause and the Initial Decision.

2. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and MB Vogelzang Vineyards, LLC, agree that the Order to Show Cause and the Initial Decision will be concurrently served on Vogelzang, through Mr. James Vogelzang, a co-owner of Vogelzang, [REDACTED].

3. The Deputy Assistant Administrator, TTB, and MB Vogelzang Vineyards, LLC, agree that MB Vogelzang Vineyards, LLC's authority to operate under basic permit CA-P-15974 will be suspended for a period of one day.

4. MB Vogelzang Vineyards, LLC's ability to operate under basic permit CA-P-15974 will be suspended by order of the Deputy Assistant Administrator. MB Vogelzang Vineyards, LLC will serve its suspension on December 26, 2018.

5. During the period of suspension, MB Vogelzang Vineyards, LLC cannot conduct those normal business activities that it otherwise would legally conduct through its basic permit. Activities that shall not be performed during the suspension include, but are not limited to:

   a. Contracting to purchase wine or purchasing wine for resale at wholesale;

   b. Filling wine orders for customers;

   c. Placing orders of wine for customers;

   d. Contracting to sell or offering to sell your wine products;

   e. Conducting business at any premises where the...
e. Shipping wine in interstate or foreign commerce;

f. Advertising or disseminating, or causing to be advertised or disseminated, in interstate or foreign commerce, any advertisements of distilled spirits, wine or malt beverages.

6. During the period of suspension, MB Vogelzang Vineyards, LLC may conduct activities that would allow maintenance of its current stock or inventory. Such activities include, but are not limited to:

   a. Taking inventory of warehouse goods;

   b. Performing administrative activities such as bookkeeping;

   c. Rearranging warehouse stock; or

   d. Altering, changing, or creating, but not placing in interstate or foreign commerce, advertisements of your wine products.

7. The parties agree that the information in TTB’s suspension decision is not return information under 26 U.S.C. § 6103 and is not subject to any other confidentiality provisions. As such, MB Vogelzang Vineyards, LLC understands that TTB will publish information from the suspension decision on its public website and in its newsletter.

8. MB Vogelzang admits that it has not engaged in the operations authorized by permit CA-W-16578 for a period of more than two years and agrees to surrender that permit as soon as possible.

9. MB Vogelzang Vineyards, LLC agrees that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs this agreement, the Order to Show Cause, the Decision, and the Order Suspending permit and expressly waives any objections if the Deputy Assistant Administrator signs any or all of those documents before MB Vogelzang Vineyards, LLC signs this agreement.

Date: 12/1/18

MB Vogelzang Vineyards, LLC

Date: 12/7/2018

Deputy Assistant Administrator, Field Operations Alcohol and Tobacco Tax and Trade Bureau
In the Matter of the Proposed Suspension of the Basic Permit Issued to: MB Vogelzang Vineyards, LLC, P.O. Box 91240, Santa Barbara, California 93190, Basic Permit CA-P-15794, No. AF-97737

DECISION

Concurrent with this decision, the Alcohol and Tobacco Tax and Trade Bureau (TTB) issued to MB Vogelzang, LLC (Vogelzang) an Order to Show Cause why Vogelzang's authority to operate under basic permit number CA-P-15794 should not be suspended because of willful violations of the conditions of the permit, as set forth in the Order to Show Cause.

Title 27, United States Code, Section 204(e), provides in pertinent part that, by order of the Secretary of the Treasury, and after due notice and opportunity for a hearing to the permittee, a basic permit shall be suspended for such period as the Secretary of the Treasury deems appropriate if the Secretary finds that the permittee has willfully violated any of the conditions of the permit.

Vogelzang and TTB have entered into a voluntary suspension agreement, incorporated into and made part of this Decision. As part of the agreement, Vogelzang admits and acknowledges the violations set forth in the Order to Show Cause and waives its right to a hearing. Therefore, under the authority of 27 C.F.R. § 71.79(b), the Deputy Assistant Administrator (Field Operations), TTB, makes the following Findings and Decision.

EVIDENCE PRESENTED BY THE GOVERNMENT

1. The Order to Show Cause issued concurrently with this decision.

2. A stipulated Suspension Agreement executed by an authorized representative of Vogelzang, admitting the violations alleged in the Order to Show Cause and agreeing to the imposition of a one-day suspension.

FINDINGS OF FACT AND CONCLUSIONS

1. Vogelzang waived its right to request a hearing on this matter and agreed to accept concurrent service of the Order to Show Cause and this decision.
2. The Order to Show Cause and this decision will be concurrently served on Vogelzang through Mr. James Vogelzang, a co-owner of Vogelzang, [REDACTED]

3. Vogelzang has admitted the allegations contained in the Order to Show Cause.

4. Vogelzang’s authority to operate under basic permit number CA-P-15794 may and should be suspended for a period of one day, to occur on December 26, 2018.

DECISION AND ORDER

1. In pertinent part, basic permits issued pursuant to the Federal Alcohol Administration Act are conditioned upon compliance with the requirements of 27 U.S.C. §§ 205 and 206 “and with all other Federal laws relating to distilled spirits, wine, and malt beverages, including taxes with respect thereto.” 27 U.S.C. § 204(d).

2. Vogelzang violated the conditions of its basic permit in the following manner and instances:

   a. Vogelzang holds an FAA Act permit to engage in business as a wholesaler and is located in California.

   b. [REDACTED] holds an FAA Act permit to engage in business as a wholesaler and is located in [REDACTED]

   c. Beginning in February 2016 and continuing through April 2017, Vogelzang sold wine to [REDACTED] on consignment. Specifically, Vogelzang provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED] was not obligated to pay Vogelzang for the wine until after [REDACTED] sold the wine to retailers.

   d. Vogelzang, through Mr. James Vogelzang, acted willfully, or with plain indifference to the requirements of the FAA Act, in entering into the consignment sale arrangements with [REDACTED]...

3. The FAA Act, 27 U.S.C. § 205(d), makes it unlawful for an industry member to sell, offer for sale, or contract to sell to any trade buyer (a wholesaler or retailer) on consignment.

4. Consignment sales are arrangements where the trade buyer is not obligated to pay for distilled spirits, wine, or malt beverages until after the trade buyer sells the distilled spirits, wine, or malt beverages. 27 C.F.R. § 11.22.
5. An FAA Act basic permit is conditioned upon compliance with the requirements of section 205 of the FAA Act. 27 U.S.C. § 204(d).

6. TTB may suspend a basic permit issued under the FAA Act if its holder willfully violates any of the conditions of the permit. 27 U.S.C. § 204(e)(1).

Vogelzang has admitted the violations alleged in the Order to Show Cause. Vogelzang and TTB have agreed that Vogelzang’s authority to operate under basic permit number CA-P-15794 is to be suspended for a period of one day. Vogelzang and TTB have agreed that the period of suspension will and shall be on December 26, 2018.

12/7/18
Dated

Deputy Assistant Administrator, Field Operations
Alcohol and Tobacco Tax and Trade Bureau