

**UNITED STATES OF AMERICA  
DEPARTMENT OF TREASURY  
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU**

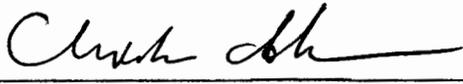
In the Matter of the Proposed )  
Suspension of the Basic Permit Issued )  
to: )  
)  
) No. AF-97789  
)  
Six Sigma Winery, LLC )  
13372 Spruce Grove Road )  
Lower Lake, California 95457 )  
Basic Permit CA-W-15354 )

**SUSPENSION AGREEMENT**

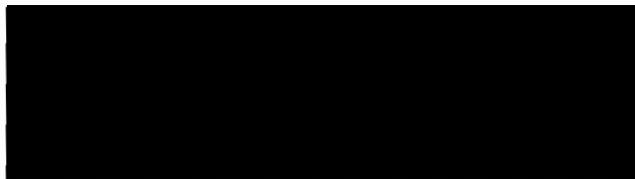
1. Six Sigma Winery, LLC (Six Sigma), waives its right to file an answer and its right to a hearing before an administrative law judge, agrees to accept concurrent service of the Order to Show Cause and the suspension decision, and admits the violations set forth in the Order to Show Cause and the Initial Decision.
2. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and Six Sigma agree that Six Sigma's authority to operate under basic permit CA-W-15354 will be suspended for a period of one day.
3. Six Sigma's ability to operate under basic permit CA-W-15354 will be suspended by order of the Deputy Assistant Administrator (Field Operations). Six Sigma will serve its suspension on February 11, 2019.
4. During the period of suspension, Six Sigma 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. Filling wine orders for customers;
  - b. Placing orders of wine for customers;
  - c. Contracting to sell or offering to sell your wine products;
  - d. Producing, rectifying or blending wine;
  - 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.
5. During the period of suspension, Six Sigma may conduct activities that would allow maintenance of its current stock or inventory. Such activities include, but are not limited to:
- a. Activity that would only relate to maintaining or preserving wine which has already been produced or fermented;
  - b. Receiving wine production materials during the time of the suspension that had been shipped or had already been in transit prior to the commencement of the suspension;
  - c. Taking inventory of warehouse goods;
  - d. Performing administrative activities such as bookkeeping;
  - e. Rearranging warehouse stock; or
  - f. Altering, changing, or creating, but not placing in interstate or foreign commerce, advertisements of your wine products.
6. 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, Six Sigma understands that TTB will publish information from the suspension decision on its public website and in its newsletter.
7. Six Sigma agrees that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs this agreement, the Order to Show Cause, the Initial Decision, and the Order Suspending Permit and expressly waives any objections if the Deputy Assistant Administrator signs any or all of those documents before Six Sigma signs this Agreement.

Date: 1/16/19

  
\_\_\_\_\_  
Six Sigma Winery, LLC

Date: 1/15/19



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

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**INITIAL DECISION**

Concurrent with this decision, the Alcohol and Tobacco Tax and Trade Bureau (TTB) issued to Six Sigma Winery, LLC (Six Sigma), an Order to Show Cause why Six Sigma's authority to operate under basic permit number CA-W-15354 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.

Six Sigma and TTB have entered into a voluntary suspension agreement, incorporated into and made part of this Initial Decision. As part of the agreement, Six Sigma 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), 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 Six Sigma, 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. Six Sigma 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. Six Sigma has admitted the allegations contained in the Order to Show Cause.
3. Six Sigma's authority to operate under basic permit number CA-W-15354 may and should be suspended for a period of one day.

### **DECISION AND ORDER**

1. In pertinent part, basic permits issued pursuant to the Federal Alcohol Administration Act (FAA 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. 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.
3. 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.
4. 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).
5. Six Sigma violated the conditions of its basic permit in the following manner:
  - a. Six Sigma is a bonded winery located in California.
  - b. [REDACTED], is a TTB-permitted wine wholesaler located in [REDACTED] (and a "trade buyer" within the meaning of 27 U.S.C. § 205(d)). [REDACTED], is a TTB-permitted wine wholesaler located in [REDACTED] (and a "trade buyer" within the meaning of 27 U.S.C. § 205(d)).
  - c. In or around May 2016 through approximately February 2018, Six Sigma sold wine to [REDACTED] on consignment. Specifically, Six Sigma provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED] were not obligated to pay for the wine until after they sold such wine to retailers.
  - d. Six Sigma acted willfully, or with plain indifference to the requirements of the FAA Act, in entering into the consignment sale arrangements with [REDACTED].

Six Sigma has admitted the violations alleged in the Order to Show Cause. Six Sigma and TTB have agreed that Six Sigma's authority to operate under basic permit number CA-W-15354 is to be suspended for a period of one day. It is, therefore, decided that the period of suspension will and shall be on February 11, 2019.

1/15/19  
Dated



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