

**Department of the Treasury  
Alcohol and Tobacco Tax and Trade Bureau  
ABSTRACT AND STATEMENT**

NOT IN SUIT

For briefing offers in compromise of liabilities and/or violations incurred under Chapters 32,51,52,53,68 and/or 78 of the Internal Revenue Code, and/or liabilities and/or violations incurred under the Federal Alcohol Administration Act.

1. OFFER SUBMITTED BY (Name and address)  Pernod-Ricard USA, Inc. 7 Mill Street Lawrenceburg, Indiana 47025	<b>OFFER IN COMPROMISE</b>	
	2. ORIGINATING OFFICE  National Revenue Center Cincinnati, Ohio	3. AMOUNT OF OFFER  \$220,000.00
	4. PERMIT, LICENSE, OR REGISTRY NO. (if applicable) [REDACTED]	5. SYSTEM CONTROL NUMBER(S)
	6. DOLLAR AMOUNT OF LIABILITY BEING COMPROMISED (if applicable)  \$794,075.92	
7. TAXPAYER IDENTIFICATION NUMBER  [REDACTED]		

8. CHARGE

**VIOLATIONS:**

It is the position of TTB that the proponent and its tenant brewery, did not operate bona fide alternating brewery operations in that they represented the tenant brewery as being the brewer of malt beverages when in fact the proponent was the actual producer of the malt beverage products in question. It is further the position of TTB, that as a result of this failure to operate bona fide alternating brewing operations, proponent allegedly: (1) improperly removed malt beverages and failed to pay the excise tax on the production of the beverages in violation of Sections 5051, 5054(a)(1) and 5061 of Title 26, United States Code, and Sections 25.151, 25.153 and 25.177 of Title 27, Code of Federal Regulations; (2) failed to accurately maintain and file the required records for removals of malt beverages and pay the proper amount of tax in violation of Section 5415(a) and 5415(b) of Title 26, United States Code, and Sections 25.163, 25.164, 25.165, 25.297(a) of Title 27, Code of Federal Regulations; (3) removed containers of malt beverages which were improperly marked and labeled with the incorrect place of production in violation of Section 5412 of Title 26, United States Code, Section 205(e) of Title 27, United States Code, and Sections 7.25(a), 7.29(a)(1) and 25.142(a) of Title 27, Code of Federal Regulations; and (4) applied labels on bottles of malt beverages which lacked approved Certificate of Label Approval, for the production location in violation of Section 205(e), Title 27, United States Code, and Section 7.41(a), Title 27, Code of Federal Regulations.

The above referenced removals were improperly attributed to the tenant brewery when in fact the tenant brewery did not produce or remove the malt beverages in question. The above referenced \$220,000 offer in compromise is in addition to the \$286,922.29 in taxes already paid, purportedly by the tenant brewery.

**BUSINESS IN WHICH ENGAGED:**

Proponent is a duly qualified brewery.

**DATE OR PERIOD AND LOCATION OF VIOLATIONS:**

From May 1, 2005 through December 14, 2005, at proponent's premises located at 7 Ridge Avenue, Lawrenceburg, Indiana 47025.

**AMOUNT AND TERMS OF OFFER:**

The proponent has submitted an offer of \$220,000.00 in compromise of above violations. Proponent has further acknowledged that upon acceptance of this offer, no claims for refund or adjustment of tax previously paid in the amount of \$286,922.29 pertaining to the above reference removals of malt beverages shall be submitted in this matter by any parties involved in this case, including the tenant brewery.

**RECOMMENDATION BY DIRECTOR, NATIONAL REVENUE CENTER:**

The Director, National Revenue Center recommends acceptance of \$220,000. In view of doubt as to liability and the hazards of litigation, acceptance of this Offer in Compromise as submitted is warranted.

(Continued on page(s) )

9. I have considered the proposition to compromise the liability as charged herein, and, for the reasons embodied in the above abstract and statement, am of the opinion that it will be for the best interest of the United States to  ACCEPT  REJECT the terms proposed.

10. SIGNATURE AND TITLE Deputy Assistant Administrator, Field Operations [REDACTED]	11. DATE  11/21/06
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## INSTRUCTIONS

Item No:

1. Complete name and address along with any name the proponent is doing business as (d/b/a), operating as, or trading as (t/a).
2. Indicate the office processing the offer.
3. State the dollar amount of the offer submitted by the proponent.
4. This block should show the permit, license, or registry number of the proponent, if the proponent has such a number. If there is no license, permit, or registry number, identify the type of business and the state of operation, e.g., RLD-PA or FAET-NJ.
5. This block should indicate the system control number(s) of the Leads Investigation Cases System (LICS) database entry found on Screen 6 of the LICS case entry.
6. For those IRC cases where TTB is reviewing an offer to compromise an outstanding tax liability due to doubt as to collectibility and/or liability, the full amount of the tax liability (including any penalties, interest and/or additional amounts) should be entered in this block. This amount must agree with the amount shown on the offer form (TTB F 5640.1 or TTB F 5640.2).
7. This block must contain the proponent's employer identification number (EIN) or, if the proponent has no EIN, the proponent's social security number (SSN).
8. Describe, in separate paragraphs:
  - The business in which the proponent is engaged and to which the offer applies;
  - The violation(s) and number of instances, if appropriate, including all law citation(s) and regulation citation(s);
  - The liabilities to be compromised, if any, and the sections of law and regulations applicable to those liabilities;
  - A statement of the facts, to include the date or tax period, as applicable, and place of the violation(s);
  - The reason for submitting the offer (which may include the amount and terms of the offer) and, if applicable, the basis for doubt as to liability and/or collectibility; and
  - Additional comments, conclusions, and the recommendation of the appropriate TTB official.

Additional pages may be attached to TTB F 5640.3 describing the condition(s) of the offer.

9. The appropriate TTB official signing in Item 10 must check either the "ACCEPT" or "REJECT" block.
10. The signature and title of the appropriate TTB official must appear in this block.
11. The date the offer is accepted or rejected must be indicated in this block.