

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

IN THE MATTER OF:	)	
	)	CASE NO. AF-97724
COHO WINES, LLC	)	Permit No. CA-W-16994
	)	
Respondent	)	
	)	Judge <span style="background-color: black; color: black;">[REDACTED]</span>

**SUSPENSION AGREEMENT**

1. Coho Wines, LLC agrees to withdraw its hearing request in the above-reference matter.
2. Coho Wines, LLC continues to deny the allegations. Coho Wines, LLC asserts that it did not knowingly violate any laws and is withdrawing its hearing request.
3. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and Coho Wines, LLC agree that its authority to operate under basic permit CA-W-16994 will be suspended for a period of one day.
4. Coho Wines, LLC's ability to operate under basic permit CA-W-16994 will be suspended by order of the Deputy Assistant Administrator (Field Operations). Coho Wines, LLC will serve its suspension on November 29, 2019.
5. During the suspension period, Coho Wines, 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. 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.

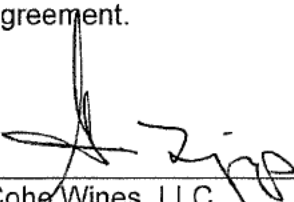
6. During the suspension period, Coho Wines, LLC may conduct activities that would allow maintenance of its current stock or inventory. Such activities include, but are not limited to:

- 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.

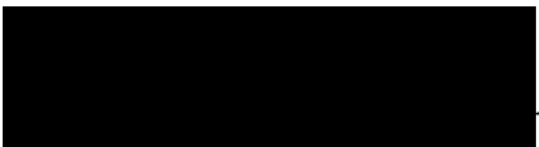
7. TTB will exercise its enforcement discretion and will not treat this suspension as a “first violation” under 27 U.S.C. § 204(e)(1), unless it discovers Coho Wines, LLC engaged in conduct similar to the violations alleged in the Order to Show Cause on or after the date ordered to serve the suspension.

8. 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, Coho Wines, LLC understands that TTB will publish information from the suspension decision on its public website and in its newsletter.

9. Coho Wines, LLC agrees that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs this agreement, 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 Coho Wines, LLC signs this agreement.

  
\_\_\_\_\_  
Coho Wines, LLC

Date: September 10, 2019

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

Date: 9/11/19

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

IN THE MATTER OF:	)	
	)	Case No. AF-97724
	)	Permit No. CA-W-16994
Coho Wines, LLC	)	
	)	
Respondent	)	Judge <span style="background-color: black; color: black;">[REDACTED]</span>
	)	
	)	

**INITIAL DECISION**

On December 28, 2018, the Alcohol and Tobacco Tax and Trade Bureau (TTB) issued to Coho Wines, LLC an Order to Show Cause why its authority to operate under basic permit number CA-W-16994 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.

Coho Wines, LLC and TTB have entered into a Settlement Agreement to resolve the immediate matter, which is currently before an Administrative Law Judge (ALJ). As part of the agreement, Coho Wines LLC, acknowledges the violations set forth in the Order to Show Cause and has agreed to withdraw its request for 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 December 18, 2018.
2. A Settlement Agreement executed by Coho Wines, LLC, acknowledging 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. Coho Wines, LLC has agreed to withdraw its hearing request, which it filed in response to TTB's Order to Show Cause of December 18, 2018.

2. Coho Wines LLC acknowledged the allegations contained in the Order to Show Cause, without admitting fault, and agreed to a one day suspension in resolution of the matter.
3. Coho Wines LLC's authority to operate under basic permit number CA-W-16994 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 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. Coho Wines, LLC violated the conditions of its basic permit in the following manner and instances:
  - a. Coho Wines LLC is a TTB-regulated industry member, operating as a bonded winery and a wholesaler of wine in California.
  - b. [REDACTED] is a TTB permitted wholesaler located in [REDACTED].
  - c. [REDACTED] is a TTB-permitted wholesaler located in [REDACTED].
  - d. Between December, 2015, and continuing through approximately December, 2017, Coho Wines, LLC sold wine to [REDACTED] and [REDACTED] on consignment. Specifically, Coho Wines, LLC provided wine to [REDACTED] and [REDACTED] pursuant to arrangements whereby the wholesalers were not obligated to pay for the wine until after the wholesalers sold the wine to retailers.
  - e. Coho Wines LLC, acted willfully, or with plain indifference to the requirements of the FAA Act, in entering into the consignment sale arrangements with [REDACTED] and [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).

Coho Wines, LLC has acknowledged the violations alleged in the Order to Show Cause and agreed to a suspension in resolution of the allegations. Coho Wines, LLC and TTB have agreed that Coho Wines, LLC's authority to operate under basic permit number CA-W- 16994 is to be suspended for a period of one day. It is, therefore, decided that the period of suspension will and shall be on November 29, 2019.

TTB will exercise its enforcement discretion and will not treat this suspension as a first violation unless it discovers that Coho Wines, LLC engaged in conduct similar to the violations alleged in this Order on or after the date of the suspension.

9/11/19  
Dated



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