

**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-97678
)
Hartwell Vineyards, LLC)
5815 Silverado Trail)
Napa, California 94558-9477)
Basic Permit CA-W-3356)

SUSPENSION AGREEMENT

1. Hartwell Vineyards, LLC ("Hartwell Vineyards"), 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 Hartwell Vineyards agree that the Order to Show Cause and the Initial Decision will be concurrently served on Hartwell Vineyards, through Deborah Estrada, Operations Manager of Hartwell Vineyards, at 5815 Silverado Trail, Napa, CA 94558-9477.
3. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and Hartwell Vineyards agree that Hartwell Vineyards' authority to operate under basic permit CA-W-3356 will be suspended for a period of one day.
4. Hartwell Vineyards' ability to operate under basic permit CA-W-3356 will be suspended by order of the Deputy Assistant Administrator (Field Operations). Hartwell Vineyards will serve its suspension on June 14, 2019.
5. During the period of suspension, Hartwell Vineyards 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, blending, or bottling wine;
 - e. Shipping wine in interstate or foreign commerce; or
 - f. Advertising or disseminating, or causing to be advertised or disseminated, in interstate or foreign commerce, any advertisements of wine.
6. During the period of suspension, Hartwell Vineyards 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. 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, Hartwell Vineyards understands that TTB will publish information from the Suspension Decision on its public website and in its newsletter.
8. Hartwell Vineyards agrees to amend its permit to reflect the change in its management in order to comply with 27 CFR § 1.42. Hartwell Vineyards agrees to submit the required paperwork within 60 days of the date this agreement is signed.
9. Hartwell Vineyards agrees that its manager will review the TTB tutorial entitled "Maintaining Compliance in a TTB-Regulated Business," found at <https://www.ttb.gov/business-central/maintaining-compliance.shtml>.
10. Hartwell Vineyards agrees that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs this agreement, the Order to

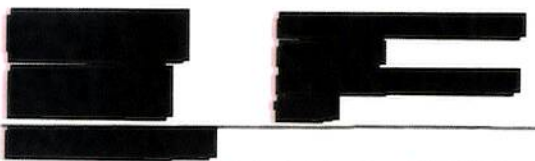
Show Cause, the Suspension Decision, and the Order Suspending Basic Permit and expressly waives any objections if the Deputy Assistant Administrator signs any or all of those documents before Hartwell Vineyards signs this agreement.

11. 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 that Hartwell Vineyards engaged in conduct similar to the violations alleged in the Order to Show Cause on or after the date Hartwell Vineyards is ordered to serve its suspension. In other words, TTB will not take action to revoke (but reserves the right to suspend) Hartwell Vineyards' permit if it discovers, for example, record keeping, tax or labeling-related violations that are separate and distinct from the conduct alleged in the attached Order. In contrast, TTB reserves the right to revoke Hartwell Vineyards' permit if it finds it engaged in conduct similar to that alleged in the attached Order on or after June 14, 2019.

Date: 5-1-19


Hartwell Vineyards, LLC

Date: April 30, 2019


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

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DECISION

Concurrent with this decision, the Alcohol and Tobacco Tax and Trade Bureau issued to Hartwell Vineyards, LLC ("Hartwell Vineyards") an Order to Show Cause why Hartwell Vineyards' authority to operate under basic permit number CA-W-3356 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.

Hartwell Vineyards and the Alcohol and Tobacco Tax and Trade Bureau have entered into a voluntary Suspension Agreement, incorporated into and made part of this Decision. As part of the Agreement, Hartwell Vineyards 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 Alcohol and Tobacco Tax and Trade Bureau, 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 Hartwell, admitting the violations alleged in the Order to Show Cause.

FINDINGS OF FACT AND CONCLUSIONS

1. Hartwell Vineyards 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 Hartwell Vineyards, through Deborah Estrada, Operations Manager of Hartwell Vineyards, at 5815 Silverado Trail, Napa, CA 94558-9477.
3. Hartwell Vineyards has admitted the allegations contained in the Order to Show Cause.
4. Hartwell Vineyards' authority to operate under basic permit number CA-W-3356 may and should be suspended for a period of one day, to occur on June 14, 2019.

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. Hartwell Vineyards violated the conditions of its basic permit in the following manner and instances:
 - a. Hartwell Vineyards is a TTB permitted bonded winery located in California.
 - b. [REDACTED] is a TTB permitted wholesaler located in [REDACTED]
 - c. [REDACTED] is a TTB permitted wholesaler located in [REDACTED]
 - d. Beginning in March 2016 and continuing through approximately December 2017, Hartwell Vineyards sold wine to [REDACTED] on consignment. Specifically, Hartwell Vineyards provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED] was not obligated to pay for the wine until after [REDACTED] sold the wine to retailers.
 - e. Beginning in January 2016 and continuing through approximately June 2016, Hartwell Vineyards sold wine to [REDACTED] on consignment. Specifically, Hartwell Vineyards provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED]

was not obligated to pay for the wine until after [REDACTED] sold the wine to retailers.

- f. Hartwell Vineyards, through Ms. Estrada, 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. The Alcohol and Tobacco Tax and Trade Bureau 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).

Hartwell Vineyards has admitted the violations alleged in the Order to Show Cause. Hartwell Vineyards and the Alcohol and Tobacco Tax and Trade Bureau have agreed that Hartwell Vineyards' authority to operate under basic permit number CA-W-3356 is to be suspended for a period of one day. It is, therefore, decided that the period of suspension will and shall be on June 14, 2019.

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 that Hartwell Vineyards engaged in conduct similar to the violations alleged in such Order on or after June 14, 2019.

April 30, 2019

Dated

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