

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

In the Matter of the Proposed)	
Suspension of the Basic Permit Issued to:)	
)	
Angels' Share Wine Imports, LLC)	
106 Ferris Street)	TTB Nos. AF-97469
Brooklyn, NY 11231)	
Basic Permit No.: NY-P-4023)	

INITIAL DECISION

On December 23, 2019, the Alcohol and Tobacco Tax and Trade Bureau (TTB) issued to Angels' Share Wine Imports, LLC (hereinafter "Angels' Share") an Order to Show Cause why its authority to operate under basic permit number NY-P-4023 should not be suspended due to 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, 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.

Angels' Share and TTB have now entered into a Settlement Agreement to resolve the immediate matter, which is currently before an Administrative Law Judge (ALJ). As part of the agreement, Angels' Share acknowledges the alleged 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 on December 23, 2019.
2. A Global Settlement Agreement executed by an authorized representative of Angels' Share, acknowledging the violations alleged in the Order to Show Cause and agreeing to the imposition of a five (5) day suspension.

FINDINGS OF FACT AND CONCLUSIONS

1. Angels' Share has agreed to withdraw its hearing request, which it filed in response to TTB's Order to Show Cause of December 23, 2019.

2. Angels' Share acknowledged the allegations contained in the Order to Show Cause, without admitting willfulness, and agreed to a five (5) day suspension in resolution of the matter.
3. Angels' Share authority to operate under basic permit number NY-P-4023 may and should be suspended for a period of five (5) 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. Angels' Share violated the conditions of its basic permit in the following manner and instances:
 - a. Angels' Share is a TTB-permitted wine wholesaler located in New York.
 - b. The following entities (collectively, the “Suppliers”), with their respective locations delineated below, are “industry members” within the meaning of 27 U.S.C. § 205(d):
 - i. [REDACTED] located in California.
 - ii. [REDACTED], located in California.
 - iii. [REDACTED], located in Florida.
 - iv. [REDACTED], located in California.
 - v. [REDACTED], located in California.
 - vi. [REDACTED], located in California.
 - vii. [REDACTED] located in Oregon.
 - viii. [REDACTED], located in New York.
 - ix. [REDACTED], located in California.
 - x. [REDACTED], located in New Jersey.

- xi. [REDACTED], located in California.
- xii. [REDACTED] located in California.
- xiii. [REDACTED] located in California.
- xiv. [REDACTED] located in California.
- xv. [REDACTED] located in California.
- xvi. [REDACTED] located in California.
- xvii. [REDACTED] located in California.
- xviii. [REDACTED] located in California.
- xix. [REDACTED], located in California.
- xx. [REDACTED], located in California.
- xxi. [REDACTED] located in California.
- xxii. [REDACTED], located in California.
- xxiii. [REDACTED], located in California.
- xxiv. The Red Hook Winery, LLC located in New York.
- xxv. [REDACTED] located in California.
- xxvi. [REDACTED] located in California.
- xxvii. [REDACTED] located in California.
- xxviii. [REDACTED], located in California.
- xxix. [REDACTED] located in California.
- xxx. [REDACTED] located in California.
- xxxi. [REDACTED] located in California.

c. Each of the Suppliers sold wine on consignment to Angels' Share between December 23, 2016 and May 1, 2018.

- d. Angels' Share owner, Mr. Mark Snyder, and Accountant, Mr. Nathan Larson, confirmed to TTB Investigators that Angels' Share purchased wines on consignment, on multiple occasions throughout the investigation period. Mr. Snyder and Mr. Larson identified these products as "system wines" and described the agreements as "brokerage arrangements". Specifically, Angels' Share received the wine from the Suppliers pursuant to an arrangement whereby Angels' Share was not obligated to pay for the wine until after it sold such wine to retailers.
 - e. The specific transactions, and nature thereof, are further confirmed by bills of lading, payment information, and invoices between the Suppliers and Angels' Share.
 - f. All products sold to Angels' Share by the Suppliers were stored in rented space at [REDACTED], located in New Jersey.
 - g. Information collected during the course of the investigation indicates that Angels' Share promoted consignment sale arrangements with the Suppliers, often introducing and/or requiring the Suppliers to engage in the arrangements in order to conduct business with Angels' Share. Accordingly, Angels' Share entered into the consignment sale arrangements knowingly and voluntarily.
 - h. Angels' Share acted willfully, or with plain indifference to the requirements of the FAA Act, in entering into the consignment sale arrangements with the Suppliers.
3. The FAA Act, 27 U.S.C. § 205(d), makes it unlawful for a trade buyer (such as Angels' Share, here) to purchase, offer to purchase, or contract to purchase wines on consignment.
 4. Consignment sales are arrangements wherein 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).

Angels' Share has acknowledged the violations alleged in the Order to Show Cause and agreed to a suspension in resolution of the allegations. Angels' Share and TTB have agreed that Angels' Share's authority to operate under basic permit number NY-P-4023

is to be suspended for a period of five (5) days. It is therefore decided that the period of suspension will and shall be August 6-8, 2020 and August 10-11, 2020.

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 Angels’ Share engaged in conduct similar to the violations alleged in such Order on or after the date ordered to serve your suspension.

July 31, 2020
Dated

A redacted signature block consisting of two black rectangular boxes. A red scribble is visible over the right side of the first box and the left side of the second box. A horizontal line is drawn below the second box.

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

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

In the Matter of the Proposed)	
Suspension of the Basic Permits Issued to:)	
)	
Angels Share Wine Imports, LLC)	
106 Ferris Street)	TTB Nos. AF-97469; AF-98148;
Brooklyn, NY 11231)	AF-97470
Basic Permit No.: NY-P-4023)	
)	
The Red Hook Winery, LLC)	
204 Van Dyke Street 325A)	
Brooklyn, NY 11231)	
Basic Permit No.: NY-W-20140)	

GLOBAL SUSPENSION AGREEMENT

A. Angels' Share Wine Imports, LLC

1. Angels' Share Wine Imports, LLC (hereinafter "Angels' Share") agrees to withdraw its hearing request and waives its right to file an answer in the above-referenced matter.
2. Angels' Share acknowledges the violations alleged in the Order to Show Cause but disputes that it "willfully" violated the conditions of the basic permit.
2. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and Angels' Share agree that Angels' Share authority to operate under basic permit NY-P-4023 will be suspended for a period of five (5) days.
3. Angels' Share ability to operate under basic permit NY-P-4023 will be suspended by order of the Deputy Assistant Administrator (Field Operations), TTB. Angels' Share will serve its suspension on August 6-8, 2020 and August 10-11, 2020.
4. During the period of suspension, Angels' Share 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. Except as provided in paragraph 5(b) below, purchasing or receiving, or contracting to purchase or receive, wine for resale;

- b. Selling wine at wholesale;
 - c. Filling wine orders for customers;
 - d. Placing wine orders for customers;
 - e. Contracting to sell or offering to sell its wine products;
 - f. Shipping or receiving wine in interstate or foreign commerce
 - i. Limitations of shipping or receiving wine in interstate or foreign commerce include fulfillment of orders by any and all third-party shippers, product managers, and/or storage providers.
 - g. 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, Angels' Share 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 received;
 - b. Receiving wine during the time of the suspension that was shipped or was already in transit before the suspension commenced;
 - 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 its wine products.
6. 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 Angels' Share engaged in conduct similar to the violations alleged in such Order on or after the date ordered to serve the suspension.

B. The Red Hook Winery, LLC

1. The Red Hook Winery, LLC (hereinafter "Red Hook Winery") agrees to withdraw its hearing request and waives its right to file an answer in the above-referenced matters.
2. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and Red Hook Winery agree that Red Hook Winery's authority to operate under basic permit NY-W-20140 will be suspended for a period of fifteen (15) days.
3. Red Hook Winery's ability to operate under basic permit NY-W-20140 will be suspended by order of the Deputy Assistant Administrator (Field Operations), TTB. Red Hook Winery will serve its suspension on August 3-6, 2020; August 10-13, 2020; August 17-20, 2020; and August 24-26, 2020
4. During the period of suspension, Red Hook Winery 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 its wine products;
 - d. Producing, rectifying, blending, or bottling wine;
 - e. Shipping or receiving wine in interstate or foreign commerce
 - i. Limitations of shipping or receiving wine in interstate or foreign commerce include fulfillment of orders by any and all third-party shippers, product managers, and/or storage providers.
 - 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, Red Hook Winery 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, fermented, and/or received;
 - b. Taking inventory of warehouse goods;

- c. Performing administrative activities such as bookkeeping;
- d. Rearranging warehouse stock; or
- e. Altering, changing, or creating, but not placing in interstate or foreign commerce, advertisements of its wine products.

6. TTB and Red Hook Winery agree that this suspension, with respect to the non-Trade Practice violations resolved thereby, will stand as a "first violation" under 27 U.S.C. § 204(e)(1).

[REDACTED]

[REDACTED]

- [REDACTED]

b. [REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

D. Angels' Share South, LLC

1. Angels' Share South, LLC (hereinafter "AS South"), FAA Act Importer basic permit FL-I-21653 and FAA Act wholesaler basic permit FL-P-21760, underwent unreported changes to its business organization following the dissolution of purported 50% owner [REDACTED]. Following same, Angels' Share Wine Imports, LLC acquired all of the interest in AS South previously owned by [REDACTED]. Within thirty day from the date of this Agreement, AS South will report those changes to TTB in accordance with applicable statutes and regulations. TTB agrees to receive and process any inquiries regarding said changes within such thirty day period, including but not limited to what forms AS South should file in order to register its change of ownership, but will not provide business advice to the entity nor make any guarantees as to processing of any and all subsequent reporting requirements, with the exception of the following:
 - a. TTB agrees not to hold the violations against Angels' Share Wine Imports, LLC, nor the Red Hook Winery, LLC, as recorded in the Orders to Show Cause of December 23, 2020 (Angels' Share Wine Imports, LLC), December 23, 2020 (The Red Hook Winery, LLC), and June 25, 2020 (The Red Hook Winery, LLC), nor any issues related to

the prior registration of ownership of the entity against AS South for purposes of any application, if necessary to file following AS South's anticipated re-organization.

- b. During said 30 day period as well as the pendency of AS South's application, as is determined as necessary, AS South will be permitted to operate.
- c. The Fields Operation Division of the TTB is not aware of any facts or circumstances at the present time that would cause the rejection of any application relating to or arising from the change in ownership of AS South.

E. Generally Applicable Closing Terms

1. Right to Appeal. By signing this agreement, both Angels' Share and Red Hook Winery voluntarily waive any right to appeal of the agreed-upon suspensions. Angels' Share and Red Hook Winery are fully aware that they are under no obligation to do so, but have freely and voluntarily elected to enter into this agreement, including stipulated suspension terms.
2. The parties agree that the information contained within TTB's suspension decision, other than Red Hook Winery's section 7 and 8, and Red Hook Winery's [REDACTED] directly above, is not return information under 26 U.S.C. § 6103 and is not subject to any other confidentiality provisions. As such, Angels' Share and Red Hook Winery understand that TTB will publish information from the suspension decision on its public website and in its newsletter, with the sections identified immediately above redacted for publication purposes.
3. Angels' Share and Red Hook Winery agree that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs 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 Angels' Share and Red Hook Winery sign this agreement. Angels' Share and Red Hook Winery also agree this suspension agreement is valid regardless of whether the Decision and Order are served after the agreed date of suspension.

INTENTIONALLY LEFT BLANK

Date: July 31, 2020

[REDACTED]
Angels Share Wine Imports, LLC and The Red Hook
Winery, LLC

Date: July 31, 2020

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