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October 17, 2003

Chief, Regulations, Procedures Division  
Alcohol and Tobacco Tax and Trade Bureau  
P.O. Box 50221  
Washington, DC 20091-0221

Dear Sir or Madam:

It is really important to my family business and my 200 employees that the TTB clearly define what constitutes a Flavored Malt Beverage versus a good old-fashioned beer.

Beer has always been produced through the traditional brewing process. Beer is not a distilled product like spirits. Beer is not a fortified wine. The alcohol content of beer has never been taxed like wine or spirits. The 90/10 rule on FMB products will specifically clarify and protect the integrity of beer.

I strongly urge your organization to support the 90/10 ratio that requires that 90% of the alcohol be derived from the mashing process and no more than 10% from alcohol flavoring. No more than 0.5% of the total alcohol can come from flavoring agents.

The TTB Proposal is also consistent with the way most State legislatures, State alcohol beverage regulators and the IRS defines malt beverages for taxation and distribution.

Sincerely,

Larry Lipov  
Pearlstone Distributors, Inc.  
1600 Charleston Regional Parkway  
Charleston, SC 29492  
(843) 388-6801