

**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 sections 4181 and 4182 and Chapters 51 and 52 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) MillerCoors LLC 250 South Wacker Drive Chicago, Illinois 60606	OFFER IN COMPROMISE	
	2. ORIGINATING OFFICE TID	3. AMOUNT OF OFFER \$450,000.00
	4. PERMIT, LICENSE, OR REGISTRY NO. (if applicable) [REDACTED]	
	5. CASE NUMBER AF-95860	
	6. DOLLAR AMOUNT OF LIABILITY BEING COMPROMISED (if applicable) \$	
	7. TAXPAYER IDENTIFICATION NUMBER [REDACTED]	

8. CHARGE

VIOLATIONS:
The proponent allegedly violated: (1) the trade practice provisions of 27 U.S.C. §205(d) of the Federal Alcohol Administration Act, 27 U.S.C. §§ 201 et seq. ("FAA Act"); and (2) the regulations promulgated thereunder (specifically, 27 C.F.R. §§ 11.21(c) and 11.45) have occurred as a result of Industry Member's communications and conduct with respect to the Miller Fortune buy-back program, and Industry Member's wholesalers/distributors purchase of such products and participation in the program.

The Consignment Sales provisions under the FAA Act at 27 U.S.C. § 205(d) and promulgated by regulation at 27 C.F.R. § 11.21(c) state that it is unlawful for an industry member to sell, offer for sale, or contract to sell to any trade buyer, or for any such trade buyer to purchase, offer to purchase, or contract to purchase any products with the privilege of return. Furthermore, TTB Ruling 2012-4, Freshness Dating and Allowable Returns of Malt Beverages Under the FAA Act, was issued to address the very type of program arrangement the Industry Member engaged in wherein it states that if TTB determines that a wholesaler is requiring or forcing a retailer to overstock its products under the pretext that the retailer may exchange the product based on freshness, then TTB may investigate the wholesaler for violating Consignment Sales or Tied House provisions. The Bureau alleges that the Industry Member violated the Consignment Sales provisions with its program agreements and sales which resulted in 1,484,792 cases being sold to its wholesalers/distributors located in states with similar state laws. TTB asserts that the electronic communications, to include emails and transmissions of promotional documents, from the Industry Member brewery constituted "offers for sale" (with privilege of return) in violation of section 205(d) of the FAA Act. Furthermore, TTB asserts that the numerous favorable responses to such offers by MillerCoors' wholesalers/distributors ("trade buyers") constituted "offers to purchase" by the wholesalers/distributors, creating a separate and distinct class of violations under section 205(d) of the FAA Act for all of the participating wholesalers/distributors. Moreover, the execution of contracts by both the brewery and the trade buyers created yet another class of violations under section 205(d) of the FAA Act for all entities involved. Finally, Industry Member then consummated sales with these wholesalers/distributors pursuant to these communications, offers to sell, offers to purchase, contracts to sell, and contracts to purchase, creating additional violations for both Industry Member and its participating wholesalers/distributors.


BUSINESS IN WHICH ENGAGED:
The proponent became a duly qualified brewery.

DATE OR PERIOD AND LOCATION OF VIOLATIONS:
The violations occurred from January 2, 2014 to August 10, 2014 at the proponent's premises located at 2525 Wayne Madison Road, Trenton, Ohio 45067 and 7001 South Freeway, Fort Worth, Texas 76134.

AMOUNT AND TERMS OF OFFER:
The proponent has submitted an offer of \$450,000.00 in compromise of the above violations incurred under the Federal Alcohol Administration Act. The proponent suggests acceptance of this offer is appropriate due to potential issues with similar state laws, as well as a lack of intent by the industry member to violate the Trade Practice provisions of the FAA Act.

RECOMMENDATIONS:
The Director, National Revenue Center, recommends acceptance of the offer. In view of potential litigation hazards, acceptance of this Offer-In-Compromise, as submitted, is warranted.

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.

	11. DATE 9/2/15
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