

**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)	
)	
Scholium Project, LLC)	No. AF-97725
4185 E. 3rd Avenue)	
Napa, California 94558)	
Basic Permit CA-P-15162)	

SUSPENSION AGREEMENT

1. Scholium Project, LLC ("Scholium Project") waives its right to file an answer and its right to a hearing before an administrative law judge, agrees to simultaneously accept service of the Order to Show Cause and 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, and Scholium Project agree that Scholium Project's authority to operate under basic permit CA-P-15162 will be suspended for a period of one day.
3. Scholium Project's ability to operate under basic permit CA-P-15162 will be suspended by order of the Deputy Assistant Administrator (Field Operations). Scholium Project will serve its suspension on **June 28, 2019**.
4. During the period of suspension, Scholium Project 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. Contracting to purchase wine for resale at wholesale;
 - b. Filling wine orders for customers;
 - c. Placing orders of wine for customers;
 - d. Contracting to sell or offering to sell wine products;
 - 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 wines.


- g. Scholium Project's web page should be disabled or taken down during the suspension period, so as to not cause any advertisements or offers for sale of wines to be placed in interstate or foreign commerce.
5. During the period of suspension, Scholium Project may conduct activities that would allow maintenance of its current stock or inventory. Such activities include, but are not limited to:
 - a. Taking inventory of warehoused goods;
 - b. Performing administrative activities such as bookkeeping;
 - c. Rearranging warehouse stock; or
 - d. Altering, changing, or creating, but not placing in interstate or foreign commerce, advertisements of your wine products
 6. The parties agree that the information in the Alcohol and Tobacco Tax and Trade Bureau's suspension decision is not return information under 26 U.S.C. § 6103 and is not subject to any other confidentiality provisions. As such, Scholium Project understands that the Alcohol and Tobacco Tax and Trade Bureau will publish information from the suspension decision on its public website and in its newsletter.
 7. Scholium Project agrees that this suspension agreement is valid regardless of the date the Deputy Assistant Administrator signs this agreement, the Order to Show Cause, 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 Scholium Project signs this agreement.
 8. 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 Scholium Project engaged in conduct similar to the violations alleged in the Order to Show Cause on or after the date Scholium Project is ordered to serve its suspension. In other words, TTB will not take action to revoke (but reserves the right to suspend) Scholium Project's permit if it discovers, for example, recork 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 Scholium Project's permit if it finds it engaged in conduct similar to that alleged in the attached Order.

Date: 5/30/19






Date: May 23, 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 issues to Scholium Project, LLC (“Scholium Project”) an Order to Show Cause why its authority to operate under basic permit number CA-P-15162 should not be suspended because of willful violations of the conditions of the permit, as set forth in the Order to Show Cause. This concurrently issued Order to Show Cause supersedes the Order to Show Cause issued on December 7, 2018. Scholium Project has expressed its desire to informally resolve this matter, and has agreed to serve a stipulated suspension in lieu of administrative litigation.

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.

Scholium Project and the Alcohol 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, Scholium Project 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 Tobacco Tax and Trade Bureau makes the following Findings and Decision.

EVIDENCE PRESENTED BY THE GOVERNMENT

1. The Order to Show Cause.
2. A stipulated Suspension Agreement executed by an authorized representative of Scholium Project, admitting 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. Scholium Project has waived its right to request a hearing on this matter and agreed to accept service of this decision.
2. Scholium Project has admitted the allegations contained in the Order to Show Cause.
3. Scholium Project's authority to operate under basic permit number CA-P-15162 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. Scholium Project violated the conditions of its basic permit in the following manner and instances:
 - a. Scholium Project is a wholesaler of wine located in California.
 - b. [REDACTED] is a TTB-permitted distilled spirits and wine wholesaler located in [REDACTED] (and a "trade buyer" within the meaning of 27 U.S.C. § 205(d)).
 - c. [REDACTED] is a TTB-permitted distilled spirits and wine wholesaler located in [REDACTED] (and a "trade buyer" within the meaning of 27 U.S.C. § 205(d)).
 - d. [REDACTED] operates as a wholesaler located in [REDACTED] (and a "trade buyer" within the meaning of 27 U.S.C. § 205(d)).
 - e. Commencing in or around June 2016 and continuing through approximately April 2018, Scholium Project sold wine to [REDACTED] on consignment. Specifically, Scholium Project provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED] was not obligated to pay for the wine until after they sold such wine to retailers.
 - f. Commencing in or around May 2016 and continuing through approximately April 2018, Scholium Project sold wine to [REDACTED] on consignment. Specifically, Scholium Project provided wine to [REDACTED] pursuant to an arrangement whereby [REDACTED]

