

**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:)	
)	
)	No. AF-97633
GNG Wines, LLC d/b/a Quill Wines)	
3340 Redwood Road)	
Napa, CA 94558)	
Basic Permit CA-P-17113)	

SUSPENSION AGREEMENT

1. GNG Wines, LLC d/b/a Quill Wines (hereinafter "GNG Wines") agrees to withdraw its hearing request in the above-referenced matter.
2. The Deputy Assistant Administrator (Field Operations), Alcohol and Tobacco Tax and Trade Bureau (TTB), and GNG Wines agree that GNG Wines' authority to operate under basic permit CA-P-17113 will be suspended for a period of one (1) day.
3. GNG Wines' ability to operate under basic permit CA-P-17113 will be suspended by order of the Deputy Assistant Administrator (Field Operations). GNG Wines will serve its suspension on Monday, August 26, 2019.
4. During the period of suspension, GNG Wines 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. Shipping wine in interstate or foreign commerce;
 - e. 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, GNG Wines 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. 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 your 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 GNG Wines engaged in conduct similar to the violations alleged in such Order on or after the date ordered to serve your suspension.
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, GNG Wines understands that TTB will publish information from the suspension decision on its public website and in its newsletter.
8. GNG Wines 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 GNG Wines signs this agreement.

Date: _____

[Redacted Signature]

GNG Wines, LLC d/b/a Quill Wines

Date: 8/20/19

[Redacted Signature]

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

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INITIAL DECISION

On December 12, 2018, the Alcohol and Tobacco Tax and Trade Bureau (TTB) issued to GNG Wines, LLC, d/b/a Quill Wines (hereinafter “GNG Wines”) an Order to Show Cause why its authority to operate under basic permit number CA-P-17113 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.

GNG Wines 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, GNG Wines acknowledges the 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 12, 2018.
2. A Settlement Agreement executed by an authorized representative of GNG Wines, acknowledging 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. GNG Wines has agreed to withdraw its hearing request, which it filed in response to TTB’s Order to Show Cause of December 12, 2018.

2. GNG Wines acknowledged the allegations contained in the Order to Show Cause, without admitting fault, and agreed to a one (1) day suspension in resolution of the matter.
3. GNG Wines' authority to operate under basic permit number CA-P-17113 may and should be suspended for a period of one (1) 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. GNG Wines violated the conditions of its basic permit in the following manner and instances:
 - a. GNG Wines is a wine wholesaler located in California.
 - b. [REDACTED] is a TTB-permitted wholesaler located [REDACTED]
 - c. On February 9, 2016 GNG Wines sold wine to [REDACTED] on consignment. Specifically, GNG Wines 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.
 - d. GNG Wines acted willfully or with plain indifference to the requirements of the FAA Act in entering into the consignment sale arrangements with [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 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).

GNG Wines has acknowledged the violations alleged in the Order to Show Cause and agreed to a suspension in resolution of the allegations. GNG Wines and TTB have agreed that GNG Wines' authority to operate under basic permit number CA-P-17113 is to be suspended for a period of one (1) day. It is therefore decided that the period of suspension will and shall be on August 26, 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 GNG Wines engaged in conduct similar to the violations alleged in such Order on or after the date ordered to serve your suspension.

8/20/19
Dated

A large black rectangular redaction box covering the signature of the official.

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