

---

## Nevada's AG Reminds Retailers, Wholesalers and Suppliers: Comply with Alcohol Beverage Laws

By James M. Seff, Carrie L. Bonnington, Jerry R. Jolly and Joseph L. Cruz

---

*On January 30, 2014 the State of Nevada Attorney General's Office issued an open letter to all retailers, wholesalers and suppliers of alcohol beverages in Nevada reminding them of their legal obligation to comply with the provisions of Nevada's alcohol beverage laws (the "Letter").*

---

Nevada, like most states, prohibits certain transactions and relationships between retailers, wholesalers and suppliers. Perhaps the most significant restrictions apply to wholesalers and retailers. Among other things, a wholesaler may not "loan any money or other thing of value to," "invest money, directly or indirectly in," "furnish or provide any premises, building, bar or equipment to" or "participate, directly or indirectly, in the operation of the business of" a retailer. NRS §§ 369.485(3) *et seq.*

But suppliers must also be mindful to comply with Nevada law. For example, Nevada law prohibits suppliers from requiring a wholesaler to split profits, accept delivery of product that was not voluntarily ordered by the wholesaler or set prices after delivery. NRS §§ 597.162 *et seq.* and 597.165.

Importantly, the Letter reminds retailers, wholesalers and suppliers of alcohol beverages that Nevada's general deceptive trade practices statute applies to their dealings with one another.

A person engages in a "deceptive trade practice" when in the course of his or her business or occupation he or she knowingly: ... Violates a state or federal statute or regulation relating to the sale or lease of goods or services ... [or] ... [u]ses coercion, duress or intimidation in a transaction.

NRS § 598.0923. This general statute applies to all industry members engaged in the sale of alcohol beverages in Nevada. Industry members must be aware of Nevada's definition of a deceptive trade practice and understand that it gives Nevada the authority to prosecute based not only on violations of

state law, but also on violations of federal law, which primarily governs the activities of suppliers and wholesalers of alcohol beverages.<sup>1</sup>

The Letter was published about two years after the Alcohol and Tobacco Tax and Trade Bureau (“TTB”) concluded its investigation into several industry members’ participation in a retailer-initiated alcohol beverage promotional program in Nevada. See [TTB Industry Circular 2012-01](#). Ultimately, over a half a dozen industry members paid over a million dollars in fines for their participation in the program.

Both the Letter and TTB’s Industry Circular are good reminders that retailers, wholesalers and suppliers must be careful to comply with both state and federal trade practice laws when engaged in the sale of alcohol beverages.

---

If you have any questions about the content of this alert, please contact the Pillsbury attorney with whom you regularly work, or the authors below.

James M. Seff [\(bio\)](#)  
San Francisco  
+1.415.983.7441  
[james.seff@pillsburylaw.com](mailto:james.seff@pillsburylaw.com)

Carrie L. Bonnington [\(bio\)](#)  
Sacramento  
+1.916.329.4735  
[carrie.bonnington@pillsburylaw.com](mailto:carrie.bonnington@pillsburylaw.com)

Jerry R. Jolly [\(bio\)](#)  
Sacramento  
+1.916.329.4764  
[jerry.jolly@pillsburylaw.com](mailto:jerry.jolly@pillsburylaw.com)  
\*Mr. Jolly is a consultant; he is not an attorney.

Joseph L. Cruz [\(bio\)](#)  
Los Angeles  
+1.213.488.7105  
[joseph.cruz@pillsburylaw.com](mailto:joseph.cruz@pillsburylaw.com)  
\*Mr. Cruz is a consultant; he is not an attorney.

This publication is issued periodically to keep Pillsbury Winthrop Shaw Pittman LLP clients and other interested parties informed of current legal developments that may affect or otherwise be of interest to them. The comments contained herein do not constitute legal opinion and should not be regarded as a substitute for legal advice.

© 2014 Pillsbury Winthrop Shaw Pittman LLP. All Rights Reserved.



<sup>1</sup> Federal trade practice statutes and regulations are primarily located at U.S. Code, Title 27, Chapter 8 and 27 CFR, Chapter 1, respectively.