This Bulletin serves to address four (4) key questions relating to the types of practices prohibited by the recent amendments to R.I.G.L. §§3-5-11 and 11.1. These statutory changes eliminate any chain store and alcoholic beverage franchisor/franchisee relationships. This Bulletin is not meant to be an exhaustive list of prohibited practices as set forth in the law, but rather will serve to provide an overview of certain prohibited practices for which enforcement action will be taken. Accordingly, pursuant to the prohibitions set forth in R.I.G.L. §§3-5-11 and 11.1, the following practices are hereby prohibited:

1. common, group, joint or coordinated purchases of wholesale merchandise by more than one (1) licensee or volume discounts granted by wholesalers from orders generated by more than one (1) retail licensee;

2. participation in coordinated or common advertising with one or more licensed Class A alcoholic beverage licensees. Two (2) licensees should not be mentioned in any manner in any advertisement, nor should there be references to the ability to purchase items at more than one (1) store;

3. the placing of orders of product with wholesalers by individuals not a manager, officer or owner of the licensed premises. A Class A licensee cannot have a third party with no managerial or ownership status control the flow of products, promotions and marketing activity for a given store;

4. existence of Class A licensees with the same or materially similar names. By April 1, 2006, each retail licensee will be required to operate under a name totally dissimilar from other Class A licensees with the exception that a full proper legal name may be used as a business name. For example, if there is more than one licensee operating under the name “Smith’s Liquors” the name should be changed to a totally dissimilar name or, if the owner is named Smith, the name may be changed to the full legal name of the owner such as “Joe Smith’s Liquors,” to demonstrate appropriate differentiation. Accordingly, two (2) or more stores currently named in a manner such as “Hank’s Liquors of Smithfield” and “Hank’s Liquors of Newport” will not be
considered a sufficient differentiation of name. Under separate cover, the Department will soon be notifying all Class A licensees with same or similar names to submit proposed name changes to the Department to secure prior approval of proposed name changes by December 31, 2005, which approval shall not be unreasonably withheld.

The Department encourages all licensees to call with any further questions they may have about operating under R.I.G.L. §§3-5-11 and 11.1. The Department also encourages all licensees to report any violations of R.I.G.L. 3-5-11 and 11.1.