



AT THE BAR WITH BOWDITCH

A Legal Blog for the Craft Brewing Community

Craft Beer Guild Opts To Pay \$2.6 Million Fine For Pay-To-Play Violations

BY AIVI NGUYEN • MARCH 29, 2016

Last month, the Massachusetts ABCC issued its ruling against [Craft Beer Guild in the pay-for-play scandal that rocked the craft beer world in 2014](#) after Dann Paquette, founder of the now-shuttered Pretty Things Beer & Ale Project, took to Twitter to call out the illegal practices allegedly happening all over Boston. After 15 months of investigation and a public hearing on September 2, in mid-February the ABCC suspended the Craft Beer Guild's license for 15 months, but said it would only have to serve 90 days, with the rest waived if it did not violate the rules again for 2 years.

While not 15 months, 90 days is still a long time in the world of craft beer. For most of Craft Beer Guild's partners, especially local brewers, 90 days without access to the Boston market would have been crippling. The company acknowledged this through its vice president of government affairs, Tom Schreiber who said "being out of the market for 90 days would have caused upheaval, and we are committed to our customers and our brewer partners." Moreover, a number of breweries have termination clauses in their contracts that would allow them to switch distributors if Craft Beer Guild could not serve the market for 30 days, which inevitably would have happened if Craft Beer Guild served the suspension.

Instead of serving the suspension, Craft Beer Guild offered a letter of compromise to the ABCC, which was accepted. Craft Beer Guild agreed to pay a fine equal to 50% of its daily gross profit, multiplied by the number of days its license was scheduled to be suspended (90). Insiders say this final number is approximately \$2.6 million. This is, by far, the largest fine any license holder has paid the Massachusetts ABCC.

The ABCC said "[t]he members of the alcoholic beverages industry in Massachusetts are hereby admonished that if, for any reason [they] engage in similar conduct that creates a systematic illegality, this commission shall take similar, severe enforcement action." The ABCC has said that it is investigating at least 4 other allegations of pay-to-play.