

# VWDC Operating Rules

February 7, 2012

## I. Winery Operating Responsibilities:

- A. Using the most recent version of these Operating Rules as shown on the VWDC website, [vwdc.org](http://vwdc.org).
- B. Maintaining a registered account with OnlineOrderDesk to use the Internet-based transaction system, and familiarizing all winery Agents and administrators on the use and features of the OnlineOrderDesk system.
- C. Updating the Price List, Agent information, and Winery banking and contact information through the OnlineOrderDesk system and/or email to VWDC personnel as appropriate.
- D. Providing the Virginia ABC with an initial price notification for all products prior to using VWDC.
- E. Maintaining its connection to the internet and an email address, a computer with Adobe Acrobat Reader 7.0 or higher, and an inkjet or laser printer.
- F. Notifying the TTB via amendment to the winery's basic registration demonstrating a change to the use of its bonded area resulting from lease of space to VWDC.
- G. Requiring that Agents have a working knowledge of the compliance issues related to acting as Agent for VWDC.
- H. Paying any ABC/TTB fines resulting from VWDC Agent non-compliance with ABC/TTB laws. Non-compliance fines not reimbursed to VWDC may result in termination of use of VWDC.

## II. Maintaining the VWDC Licensed Space

- A. The VWDC wholesale storage area will need to be located in the bonded warehouse space of the winery. The VWDC area must be separate and secure from the rest of the warehouse, meaning it is enclosed and to remain locked at all times except when wine is being moved into or out of the licensed space.
  - 1. For example, you may build an actual walled room in the bonded area with a locking door; construct a chain link cage; purchase a locking upright cabinet; any enclosed lockable space large enough to hold the case volume of your average wine shipments.
- B. The VWDC Licensed Space may only contain the following: VWDC records, wine invoiced from the Winery to the VWDC license, wine invoiced from the VWDC license to a licensed retailer awaiting delivery, wine invoiced as VWDC samples, and any equipment specifically used for orders processed through the VWDC license. The VWDC Licensed Space may not be used as storage for any product or equipment that is not properly invoiced to VWDC.

- C. When designating/constructing the VWDC wholesale space, ensure the actual VWDC storage in the winery matches the floor plan submitted with your TTB amendment. If you must alter the floor plan of the bonded area and move the VWDC space in the future, be sure to submit a new TTB amendment reflecting this change and notify VWDC before making the physical change. This will allow you to avoid suspending deliveries while waiting for the permitting approval.
- D. Copies of distributor's wine invoices ("DWI"), purchase orders ("PO"), invoices for wine samples, retail delivery tickets, sampling records, VWDC Agent time records, and other documents required by ABC and TTB for all transactions must be kept in the Licensed Space for use by Winery, Agent, VWDC and ABC. In addition, the appropriate valid VWDC license from ABC shall be posted at the entrance to the VWDC Licensed Space at all times.
- E. Agent must have access to the Licensed Space at all times. Other Winery workers should be allowed in the Licensed Space only when accompanied by Agent.

### **III. Standard Operating Procedure for Placing Orders**

- A. Winery representative and/or Agent makes a sales call to Retail Licensee by any lawful method. Note that "peddling" wine is prohibited in Virginia and all wine must be presold prior to delivery.
- B. Only an Agent (not Winery rep) may sample wine for Retail Licensees. The VWDC Agent will use bottles invoiced to VWDC which are marked as samples, taxed as a sale; invoiced as samples, and stored in the VWDC wholesale space. The VWDC Agent will maintain a record, to be kept in the VWDC space, of the following information:
  - 1. Brand of wine sampled;
  - 2. Approximate volume used;
  - 3. Where the samples were given;
  - 4. Date the sample was given; and
  - 5. The retail licensee and individual sampling the wine.

Any excess sampling wine will then be returned to the VWDC space to be used for the next customer sampling until spoiled or depleted. Destruction will be noted on the sampling record.

- C. Retail Licensee/Winery rep places order for Winery's wine ("Order") with Agent or through direct entry on OnlineOrderDesk system.
- D. Agent confirms inventory with Winery and enters Order on OnlineOrderDesk system, or approves order entered directly by Retail Licensee. VWDC does not maintain any separate inventory records. Order records are maintained in OnlineOrderDesk.
- E. POs and DWIs are produced by OnlineOrderDesk system upon approval by Winery. Winery must keep copies of all records as required by law.
- F. Winery prints out four (4) copies of the PO and four (4) copies of the DWI.
- G. Winery uses the PO to collect Order from Winery's bonded warehouse.

- H. Agent signs all four copies of the PO on behalf of VWDC, moves Order from Winery's bonded warehouse to the Licensed Space where the Order must "come to rest." For the Order to "come to rest" the Agent must physically move the Order from the winery's bonded warehouse to the VWDC Licensed Space where it must remain for a short period of time.

#### **IV. Standard Operating Procedure for Delivering Orders**

- A. Agent moves Order from Licensed Space to Agent Vehicle.
- B. Agent transports Order in Agent Vehicle and delivers Order to Retail Licensee, OR Retail Licensee may pick up order at VWDC Licensed Space from Agent. Sunday deliveries and pickups of alcohol are prohibited in Virginia. The delivery date on the DWI must be actual delivery date.
- C. Agent collects payment and secures Retail Licensee signatures on four (4) copies of the DWI.
- D. Payments from Retail Licensees to VWDC shall be in the form of a check from the Retail Licensee, cashier's check or money order made payable to "Virginia Winery Distribution Company" or "VWDC", or may be made by electronic fund transfer via FinTech. VWDC cannot accept cash or Winery checks. Please note that ABC regulations prohibit Winery or Agent from purchasing cashier's checks or money orders for Retail Licensees.
- E. Agent immediately sends transaction paperwork (including any checks collected) by U.S. mail to VWDC at appropriate lock-box address provided on vwdc.org website.
- F. The transaction paperwork includes, (1) payment from the Retail Licensee, (2) two (2) copies of the PO signed by Agent, and (3) one DWI signed by the Retail Licensee. Transaction paperwork must be postmarked within two (2) business days from the delivery date stated on the DWI or payment to Winery may be delayed.
- G. VWDC processes the transaction, pays all of the collected ABC taxes and submits the required daily reports to ABC.
- H. VWDC pays Winery for all transactions no less than once every month. Transactions received after the last date for each month's reconciliation will be paid at the end of the following period. Winery submits the usual required reports to ABC and TTB.

#### **V. General Reminders**

##### **A. Purchase Orders and Distributor's Wine Invoice**

- 1. For each transaction, the four PO's are all signed by the Agent when an Order is picked up from the Winery. The PO's are distributed as follows:
  - i. One (1) copy kept by the Retail Licensee.
  - ii. One (1) copy kept in the Licensed Space for VWDC records.
  - iii. One (1) copy sent to VWDC with transaction paperwork.
  - iv. One (1) copy retained by Winery.
- 2. The DWI's are distributed as follows:
  - i. Two (2) copies should be sent to VWDC with transaction paperwork to appropriate lock-box address listed on vwdc.org website.

- ii. One (1) copy kept in the VWDC Licensed Space.
- iii. One (1) copy retained by Winery.
- iv. One (1) copy retained by the Retailer.

All POs and DWIs must be kept in the Licensed Space for three (3) years from the delivery date of the transaction. VWDC will send Wineries a monthly statement/reconciliation (which may also be downloaded directly from the OnlineOrderDesk system.)

**B. VWDC Agent Time Records:** To ensure proper separation between the three tiers of distribution, all VWDC Agents must maintain time records that show when winery personnel are acting as VWDC Agents. Activities of a VWDC Agent include, but are not limited to, soliciting licensees, providing samples to licensees, moving orders into VWDC licensed space, processing purchase orders and invoices, and delivering orders. This can be recorded in the format of a time clock by simply noting the name of the VWDC Agent, the date, start and finish time of their VWDC functions as well as a brief description of what work they performed.

**C. Pricing:** Winery pricing posted on OnlineOrderDesk system should include all taxes and the transaction fee payable to VWDC. Winery must notify ABC by e-mail ([pricechg@abc.virginia.gov](mailto:pricechg@abc.virginia.gov)) and VWDC via OnlineOrderDesk system of initial pricing and any subsequent increase in posted pricing thirty (30) days prior to the effective date of such change. No wine may be sold through until the listed price is approved by both ABC and VWDC. Winery may offer quantity discounts so long as such discounts are offered to all Retail Licensees in a non-discriminatory manner in accordance with ABC laws. Winery must offer all wholesalers the same pricelist.

**D. License Renewal:** VWDC licenses require annual renewal through VA ABC. This will occur automatically on July 1 and the cost is covered by VWDC. Licenses inactive for the prior year will be terminated. Any costs to reinstate or renew license will be paid by the Winery. The renewed license will be mailed to the Agent contact info which was submitted with in the VWDC application. The status of license renewal can be checked with VA ABC's online licensee search form by using your zip code and "wine wholesaler" as the establishment type:  
<http://www.abc.virginia.gov/licenseeSearch/jsp/controller.jsp?task=retaillicense>

**E. Changes at Delivery:** Any changes made to the quantity or price of the actual delivery must be noted on the OnlineOrderDesk system. Changes may not be accepted after transaction is approved in OnlineOrderDesk system without approval from VWDC and ABC. These change orders may incur a transaction fee.

## **Contacts for VWDC Questions**

VWDC Winery Administrator

Penny Tuthill – 804-837-5747 – [penny@vwdc.org](mailto:penny@vwdc.org)

VWDC License Processing & Paperwork

Ben Rowe – 804-648-6299 x5834 – [ben@alliancegroup ltd.com](mailto:ben@alliancegroup ltd.com)

VWDC Retail/Licensee Liaison

Lauren Cox – 571-239-4415 – [lauren@vwdc.org](mailto:lauren@vwdc.org)

General Inquiries

Jim Corcoran – 540-454-9441 – [jim@corcoranvineyards.com](mailto:jim@corcoranvineyards.com)