



INDUSTRY ADVISORY

Supplier Entertainment of Consumers at Invitation-Only Events

(Amended Section 25600.5)

In December, 2008, the Department issued an Industry Advisory entitled “Supplier Entertainment of Consumers at Invitation-Only Events” explaining legislation that created Section 25600.5 of the Business and Professions Code, a limited exception to Section 25600 (Free Goods). Recently enacted legislation (Assembly Bill 1116, Statutes 2013, effective January 1, 2014) amended Section 25600.5. The 2008 advisory remains in effect. This advisory includes only the newly-enacted amendments to Section 25600.5:

- (1) Authorized supplier includes an Out-of-State Distilled Spirits Shipper Certificate holder.
- (2) Premises where events may be held also include a hotel holding an on-sale beer and wine or on-sale general license, except an event shall not be conducted in the lobby area of a hotel or in any portion of a hotel that is identified, promoted, or otherwise designated by the hotel as a club, nightclub, or other similar entertainment venue. For purposes of this paragraph, “hotel” means any hotel, motel, resort, bed and breakfast inn, or other similar transient lodging establishment, but it does not include any residential hotel as defined in Section 50519 of the Health and Safety Code.
- (3) A hotel where the authorized event is being conducted shall maintain, during all times while exercising its license privileges, other areas within the licensed premises that shall be made readily available to the public not attending the authorized event.
- (4) Except as provided in paragraph (2) above, an event authorized by this section shall not be conducted on premises for which a permanent retail license has been issued.

(5) Except for fair market value payments authorized by this section, a retail licensee, including the licensed caterer or the licensed hotel, shall not receive, nor shall the licensee conducting the event give, any other item of value or benefit in connection with events authorized by this section.

(6) The total number of consumers and their guests allowed at any event authorized by this section shall not exceed 600 people.

(7) A licensee authorized to conduct events pursuant to this section shall not conduct more than two events in a calendar year on the premises of any single licensed hotel or other licensed hotel under the same or common ownership.

(8) The licensee conducting the event shall not advertise any retail licensee. If the event is held on the premises of a retail licensee as permitted by this section, the licensee conducting the event may list the retailer's name and address in the invitation and any related advertising for the sole purpose of identifying the location of the event. The listing of the retailer's name and address shall be the only reference to the retail licensee and shall be relatively inconspicuous in relation to the invitation or advertisement as a whole. Pictures or illustrations of the retailer's premises, or laudatory references to the retailer, shall not be permitted.

(9) Other than as specifically authorized by this section, alcoholic beverage promotions of any sort shall not be conducted by any licensee in conjunction with an event held on the premises of a retail licensee pursuant to this section. This restriction includes any discounted drink specials offered by the retail licensee to consumers. For purposes of this paragraph, "in conjunction with" means during the event and any period within 24 hours before and 24 hours following an event.

(10) A retail licensee shall conspicuously offer for sale alcoholic beverages other than the products produced, distributed, bottled, or otherwise offered for sale by the licensee conducting the event.

(11) At least 30 days prior to an event, the licensee, or its authorized unlicensed agent, authorized to conduct the event shall apply to the department for a permit authorizing the event. In addition to any other information required by the department, the licensee shall provide the name of the company authorized to conduct the event, the number of people planned to be in attendance, the start and end times for the event, location of the event, and the name of the caterer, if required, obtaining the caterer's authorization for the event.

(12) All alcoholic beverages provided pursuant to this section shall be purchased from the holder of the caterer's permit or the licensed hotel, as applicable.

(13) In addition to the prescribed fee imposed upon a licensed caterer to conduct an event authorized by this section, a fee of \$200.00 shall be collected by the Department from the licensee, or its authorized unlicensed agent, authorized by this section to provide, free of charge, entertainment and beverages at an authorized event.

(14) All licensees involved in events held in pursuant to this section shall be responsible for compliance with this section, and with all other provisions of the ABC Act in connection with these events, and each may be subject to discipline for violation of the ABC Act.

(15) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.