

# Shipping wine with the Carriers

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## What Have The States Been Up to?

- Sting operations to individual retailers
- Increased pressure on carriers to police shipping
- Acquiring subpoenas for shipping histories
- Filing lawsuits based on sting activity and information provided by the carriers

## What Have The Carriers Been Up to?

- Acquiescing to pressure from the states
- Complying with any/all reporting requests
- Doing more thorough research on all “incidents” within their network (damages, complaints, etc)
- Implementing stricter agreements with shippers depending on their business model:
  - Winery
  - Retailer

## The UPS Retailer Agreement

- UPS now signing different agreements based on business type (winery or retailer)
- “Addendum A”:
  - Lists where you can ship based on the type of transaction (on site, off site, retailer)
  - Last updated March, 2017
- Requiring shippers to establish a “compliance department”

## The UPS Retailer Agreement

- Reserves the right to audit the shipper for compliance which includes:
  - Opening and inspecting packages
  - Reviewing shipper's:
    - Books
    - Records
    - Facilities
    - Customer lists
    - Compliance program
- May not return any unauthorized shipments
- Indemnifies UPS in the event of a breach

# UPS States for the Shipment of Wine

Destination State	Winery Direct Shipment	Winery On-Site Purchase Shipment	Wine Retailer Shipment
Alabama	No	No	No
Alaska	Yes	Yes	Yes
Arizona <sup>P</sup>	Yes	Yes	No
Arkansas <sup>P</sup>	No	Yes	No
California <sup>P</sup>	Yes	Yes	Yes <sup>R1</sup>
Colorado <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Connecticut <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Delaware	No	Yes	No
Florida <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Georgia <sup>P</sup>	Yes	Yes	No
Hawaii <sup>P</sup>	Yes	Yes	No
Idaho <sup>P</sup>	Yes	Yes	Yes <sup>R1</sup>
Illinois <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Indiana <sup>P</sup>	Yes	Yes	No
Iowa <sup>P</sup>	Yes	Yes	No
Kansas <sup>P</sup>	Yes	Yes	No
Kentucky	No	No	No
Louisiana <sup>P</sup>	Yes	Yes	Yes
Maine <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Maryland <sup>P</sup>	Yes	Yes	No
Massachusetts <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Michigan <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Minnesota	Yes	Yes	No <sup>Intra</sup>
Mississippi	No	No	No
Missouri <sup>P</sup>	Yes	Yes	Yes <sup>R1</sup>
Montana <sup>P</sup>	Yes	Yes	No
Nebraska <sup>P</sup>	Yes	Yes	Yes
Nevada <sup>P</sup>	Yes	Yes	Yes
New Hampshire <sup>P</sup>	Yes	Yes	Yes
New Jersey <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
New Mexico <sup>P</sup>	Yes	Yes	Yes <sup>R1</sup>
New York <sup>P</sup>	Yes <sup>R2</sup>	Yes <sup>R2</sup>	No <sup>Intra</sup>
North Carolina <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
North Dakota <sup>P</sup>	Yes	Yes	Yes
Ohio <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Oklahoma	No	Yes	No
Oregon <sup>P</sup>	Yes	Yes	Yes
Pennsylvania	Yes	Yes	No <sup>Intra</sup>
Puerto Rico	Yes	Yes	Yes
Rhode Island	No	Yes	No <sup>Intra</sup>
South Carolina <sup>P</sup>	Yes	Yes	No
South Dakota <sup>P</sup>	Yes	Yes	No

- Winery Direct: 43
- Winery On-Site: 47
- Retailer Out of State: 16
- Retailer Intra-State: 15

Destination State	Winery Direct Shipment	Winery On-Site Purchase Shipment	Wine Retailer Shipment
Tennessee <sup>P</sup>	Yes	Yes	No
Texas <sup>P</sup>	Yes	Yes	No
Utah	No	No	No
Vermont	No	No	No
Virginia <sup>P</sup>	Yes	Yes	Yes
Washington <sup>P</sup>	Yes	Yes	No <sup>Intra</sup>
Washington D.C.	Yes	Yes	Yes
West Virginia <sup>P</sup>	Yes	Yes	Yes
Wisconsin <sup>P</sup>	Yes	Yes	No
Wyoming <sup>P</sup>	Yes	Yes	Yes

## The FedEx Retailer Agreement

- Separate agreements based on business model (winery or retailer)
- Not as onerous as the UPS agreement
- Mentions specifically getting NH, NY & VA Permits
- Indemnifies FedEx in the event of a breach
- Reserves the right to dispose of improper shipments

# FedEx States for the Shipment of Wine

## FedEx Retailer Wine Shipping State Pairing Guide

- Out of State Retailer: 14
- Intrastate Retailer: 33

State	Interstate Wine Shipping by OOS Retailer	Intrastate Retailer Wine Shipping
Alabama	NO	NO
Alaska	YES <sup>1</sup>	YES <sup>1</sup>
Arizona	NO	YES
Arkansas	NO	NO
California	YES <sup>2</sup>	YES
Colorado	NO	YES
Connecticut	NO	YES
Delaware	NO	NO
District of Columbia	YES	YES
Florida	NO	YES <sup>3</sup>
Georgia	NO	NO
Hawaii	NO	NO
Idaho	YES <sup>2</sup>	YES
Illinois	NO	YES
Indiana	NO	YES
Iowa	NO	NO
Kansas	NO	NO
Kentucky	NO	NO
Louisiana	YES	YES
Maine	NO	YES
Maryland	NO	NO
Massachusetts	NO	YES
Michigan	NO	YES
Minnesota	NO	YES

State	Interstate Wine Shipping by OOS Retailer	Intrastate Retailer Wine Shipping
Mississippi	NO	NO
Missouri	NO	YES
Montana	NO	NO
Nebraska	YES	YES
Nevada	YES	YES
New Hampshire	YES <sup>4</sup>	YES <sup>4</sup>
New Jersey	NO	YES
New Mexico	YES <sup>2</sup>	YES
New York	NO	YES
North Carolina	NO	YES
North Dakota	YES	YES
Ohio	NO	YES
Oklahoma	NO	NO
Oregon	YES	YES
Pennsylvania	NO	NO
Rhode Island	NO	YES
South Carolina	NO	YES
South Dakota	NO	NO
Tennessee	NO	NO
Texas	NO	YES
Utah	NO	NO
Vermont	NO	NO
Virginia	YES	YES
Washington	NO	YES
West Virginia	YES <sup>5</sup>	YES <sup>5</sup>
Wisconsin	NO	NO
Wyoming	YES	YES

## What the future holds

- Continued pressure from the states on the carriers
- New approaches for carriers to catch and eliminate inappropriate shipments:
  - Proactively monitoring shipment detail
    - Returning or disposing of shipments to prohibited states
  - Developing programming so shipping labels cannot even be created
- More solutions for “delivery on the first attempt”

## What do we need to do?

- Required (more than ever) to be aware of the landscape
- Need to develop & maintain innovative programs
- Understand and work within “grey areas”
- Work locally to develop programs in difficult states
- Keep options open in changing landscape
- Remain dynamic and able to shift as paradigms change

*Thank You!*