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### **Federal District Court Grants Associated Beer Distributors of Illinois Motion to File Amicus in Anheuser-Busch vs. Illinois Liquor Control Commission**

SPRINGFIELD, IL --- June 2, 2010 The Associated Beer Distributors of Illinois (ABDI) announced today that the US District Court Northern District of Illinois has granted ABDI's motion to file its amicus curiae brief in support of the Illinois Liquor Control Commission's (LCC) position denying Anheuser Busch, Inc (AB Inc) a distributor license. On March 10, 2010, the LCC ruled that St. Louis based AB Inc did not qualify for a distributor license on the grounds that out-of-state manufacturers are prohibited from holding an Illinois distributor license. ABDI expressed its position in the amicus brief accepted today in the case of AB Inc vs. Schnorf.

In the Court's order granting ABDI's amicus filing, the court noted that the amicus raised, "... issues worthy of the Court's attention ... some of which are new and others of which add new twists on arguments that the parties already have raised." The court added that, "Given the importance of the issues raised in this litigation and the expedited track...additional briefing...will be helpful to the Court."

Following the March 10, 2010, LCC's ruling, AB Inc immediately filed a complaint in the US District Court Northern District of Illinois stating that the LCC's ruling violates the Commerce Clause of the Constitution by allowing in-state brewers to obtain a distributor license while disallowing out-of-state brewers to do the same. The complaint further stated that the LCC interfered with AB Inc's contract to purchase CITY Beverages, and it did not interpret Illinois' alcohol code correctly or fairly.

In February, AB Inc requested the LCC transfer the licenses of four CITY Beverage locations to AB Inc as part of its purchase of CITY Beverage – Illinois. AB Inc (through a subsidiary) had a 30% interest in the four locations and wanted to own 100% interest in the licenses. Anheuser-Busch was purchased by InBev, a Belgium based brewer, in 2008. InBev had previously been on record that it had a goal of selling 50% of its sales to retailers through brewery branches.

The Commission, in exercising its authority to enforce state based regulation of alcohol, made several strong statements in support of the three tier system. The three tier system for alcohol regulation is a system where a producer of alcohol sells to a distributor of alcohol and the distributor sells to a licensed retailer. It was created to prevent vertical integration in the alcohol industry, which has led to problems like price fixing, efforts to exclude other brewers' products from the market, and over marketing of the product to the point of encouraging abuse. This system has worked tremendously well to create a vibrant, yet responsible American alcohol industry.

In the March 10th ruling, the LCC declared "The three tier distribution system supports state interests in liquor tax collection, the maintenance of an orderly market, and the protection of the public against unsafe alcoholic liquor." Additionally, "The three tier system further protects against vertical monopolies and economies of scale that would lead to the introduction of cheap alcoholic liquor in the marketplace. In this way, the three tier system promotes temperance and assists in the control and limitation of the irresponsible consumption of alcoholic liquor as required by the Liquor Control Act."

"We commend the Illinois Liquor Control Commission in preserving a system that ensures only safe and authentic products are sold to consumers," said ABDI President Bill Olson. "Preserving the three tier system is vital to the state's economy, local jobs, and public safety."

The United States Supreme Court stated; "We have previously recognized that the three tier system itself is 'unquestionably legitimate.'" *Granholm v. Heald*, 544 U.S. 460,488 (2005).

InBev CEO Carlos Brito has spoken glowingly about vertically integrated InBev beer distribution in other countries. Vertically integrated beer sales would set Illinois back to the days before states were given the right by the 21st Amendment to the U.S. Constitution to regulate alcoholic beverages, and harm the public, retailers, and competing brewers and wholesalers.

*Amicus curiae* is a legal Latin phrase, literally translated as "friend of the court," that refers to someone, not a party to a case, who volunteers to offer information on a point of law or some other aspect of the case to assist the court in deciding a matter before it. ABDI presented a legal argument on the importance of the three tier system and the necessity to regulate alcohol.

In addition to the statements in the LLC's Judgment, the role of a beer distributor and the three tier system includes the following:

- Keeping the marketplace competitive and stable by providing the costly warehousing, transportation, and delivery of beer to store shelves, which allows smaller brewers to reach a larger consumer base
- Providing customized inventory management for retailers
- Maintaining a regulatory system that allows products shipped by a brewer and sold by a retailer to be tracked which means only authentic, fresh products make their way to the market place
- Unlocking the market for new beer brands and innovative products to be introduced
- Acting as a safeguard against underage drinking; distributors only sell beer to licensed retailers, who in turn are responsible for selling beer only to consumers of legal drinking age
- Training retailers, restaurants, and bars staff on public safety programs to ensure that alcohol is only sold to those 21 years of age and older

Beer distributors play a vital role in promoting public safety and the Illinois economy. Illinois distributors employ more than 3,000 people across the state and deliver more than 5,000 unique brands to market so all consumers have choice. The United States has the greatest variety of beer products available to consumers in the world.

The Associated Beer Distributors of Illinois, a not for profit business trade association, represents, maintains and improves the interests of its members who distribute beer of all brewers. ABDI advocates value in the state-based regulatory system by being the unified voice for beer distributors on legislation and regulation, by promoting responsible beer consumption and by providing educational and other services to meet its members' needs. Distributors are licensed by the State of Illinois to import and distribute beer to licensed retailers.

For more information about ABDI, visit [www.abdi.org](http://www.abdi.org).

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