

Confidential

LIQUOR INDUSTRY LETTER

Circulated Privately to Businessmen Engaged in Distributing or Retailing Liquors

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May 8, 1944

Dear Sir:

You will receive two of these letters per month, ordinarily on about the 7th and 22nd days of the month. Usually written on the 5th and 20th, printing and time in the mail will require about two days. When a Saturday and Sunday follows the 5th or 20th we will postpone the actual writing of the letter until the first day of the following week in order to obtain faster printing and postal service and at the same time provide you with the latest word on the situation of the Industry.

Following through on previous information given you regarding the filing of form 758 (inventory of floor stock) which was due at the office of the Collector of Internal Revenue on May 1st, we are passing along this additional information which was obtained from the Federal Alcohol Tax Unit offices.

Those who have not already filed their complete inventories are now subject to a 5% penalty for making a late return. If inventory is not filed before June 1, another 5% will be added to the penalty, and 5% each month up to 25%. By all means, if you happen to be late with yours, get it in to the Collector before June 1st.

You may receive an assessment or a refund on the tax you've paid. If there was an error in the computation of the amount of tax on your return, you may receive an assessment for the amount you were short. These will be mailed out by the Collector of Internal Revenue on July 1, and if you receive one, send in your payment within 10 days or you will be charged 6% interest on the amount of the assessment.

You have until July 1, to pay your tax on your floor stock inventory return. But the inventory itself was due May 1. Some have sent in remittance with their inventories, those who have not should be sure to do so before July 1. You may send in part of it whenever you wish but entire amount must be paid to the Collector of Internal Revenue by July 1.

If you have over-figured the amount of tax on your return you will be mailed a refund by the Collector about July 1. Nearly two months are required for examining the auditing inventories by Federal Agencies.

Some confusion has resulted because dealers did not believe their stocks were subject to floor tax. If you received forms from the Collector you should file your inventory and remit tax. These forms were mailed only to dealers who purchased stamps. If you had to buy a stamp you have to file. Officers Clubs, Ordinance Depots, Post Exchanges, etc., should make certain of their status.

Police officials in Denver report a marked improvement in the handling of taverns in Denver. Denver police operate under the state Liquor Code. Same regulations apply in other cities. Dealers in all cities are faced with similar problems in maintaining a respectable place of business. Police authorities here emphasize these things as necessary to proper management:

1. "Watch the door", don't let drunks come in your place.
2. "Don't serve a minor or a crowd with minors in it", passing drinks to an underage companion is a practice of the customers which often leads to a violation being charged against an innocent proprietor. If there are one or two minors in a crowd, don't serve any of them. Then you'll be safe.
3. "Don't serve anyone who is not seated."
4. "Watch your own place -- don't let help handle it." Proper supervision will keep you out of trouble. Remember this, married or unmarried, a woman must be over twenty-one before she can be served a drink.

In Denver it is a misdemeanor on the part of the minor to buy a drink, most of them don't know that. Tell them, if necessary. Canon City is now considering a similar law.

Black Market dwindling, say state enforcement authorities: The ease with which inspectors can trace the origin of whiskey makes it foolish for anyone to Black Market, those that have are being or will be caught. Most dealers are running legitimate business, won't attempt or consider Black Marketing.

A very few package stores are still forcing combination deals on trade, requiring extra purchases of customer before giving him desired item. News of such practices travels fast, customers tell each other, tell other dealers, whole Industry is blamed for greediness of one dealer. Wholesalers and retailers alike frown on it, will help authorities stamp it out quickly.

1944 alcohol needs have been revised again, indicating that dealers can expect no change in present whiskey famine. WPB has stated 365 million gallons of industrial alcohol will be required for synthetic rubber instead of 347 millions. Here are total 1944 requirements for 190 proof industrial alcohol according to WPB: For direct military use ... 24,600,000 gallons. For lend lease ... 48,900,000 gallons. For synthetic rubber ... 365,000,000 gallons. For indirect military and civilian use ... 160,000,000 gallons. For use in Anti-Freeze ... 32,000,000 gallons. Total ... 630,500,000 gallons.

No whiskey or gin was produced in the United States during the year 1943, and there is small chance of any being produced this year.

Remember when it was hard to get more than \$1.49 a pint for whiskey? Many best sellers were whiskies priced at from 99¢ to \$1.29. That was during the normal times. Few customers could afford higher priced whiskey, many limited their purchases to wine and beer entirely. Now a customer will pay the "ceiling" for any whiskey at any price. And, you've got five customers for the one you had in normal times. Jobs and money are the two things that when added to a real shortage make it impossible to supply the demand. You'll get about 50% of the whiskey you could sell this year. You'll get enough to earn a good living for yourself if you're a reasonably good business man. Remember, that "Whiskey has gone to war", that which you do receive should be distributed wisely and fairly. Observe OPA rulings scrupulously. Maintain proper service to the best of your ability. You won't get any medals, but you will be able to sleep nights, and you will gain the respect of everybody in your community.

Wholesalers are being asked by retailers to show New Tax in a separate column on their invoices. Would be a great convenience to many over-worked retailers who other-wise have to figure tax themselves. Some wholesalers are already handling tax as a separate entry on statements, more should do so if possible.

Word comes to us that a drive to clean up 3.2 establishments is being planned by city and state authorities. No such drive should be necessary, but is evidently being brought on by some abuse of their license privilege by one or two poorly managed and non-supervised outlets.

1944 alcohol production would equip 100,000 bombers and make 68,466,666 tires. These figures were compiled after a recent announcement by Goodyear Tire and Rubber Company of Akron, Ohio, that 1500 pounds of synthetic rubber are used to outfit a single four-engined bomber, and 12 pounds in the manufacture of an average tire.

Explain high prices caused by recent tax to your customers. Let them know that you are only the collector of the addition of the new tax. Tell him that the extra money he pays will be turned over to the United States Government to aid in financing war activities. Let your customer know that the latest upward hike in Federal excise tax was from \$6.00 to \$9.00 per proof gallon. That the tax was increased because the Federal Government had urgent need for the revenue, since "War Costs Money". Also, that you had no choice but to add this new tax increase to your bottle price, and that you are receiving no mark-up thereon.


Wholesalers will be interested in knowing that Herman Platte, who has been the investigator for the Federal Alcohol Tax Unit in Denver for a number of years has just recently been promoted to special investigator of the 13th district, comprising of Wyoming, New Mexico, Utah, and Colorado. His offices are in room 535 of the Symes Building. He will be the man responsible for handling special cases with wholesalers.

It could happen here: In recent local option elections on April 18, and April 24, Arkansas and Kentucky districts voted to go dry. Any community can be switched from wet to dry in its thinking by abuses of law. Respectability is our best guard against prohibition.

In a recent Associated Press photo, Miss Bertha Palmer was shown explaining the difference between a beer bottle and a whiskey bottle to her sisters in the Womens' Christian Temperance Union. That's about as much as they know about the Industry as a whole. "A little knowledge is a dangerous thing." When the W.C.T.U. gets so it knows the difference between a whiskey bottle and a beer bottle, they'll feel like they really are in a position to point out all of our "evils".

Situation not much changed this week. Donald Nelson is reported as saying that there would be no chance of allowing distilleries to manufacture beverage alcohol for at least another three months. Even so, aging would require several years. Whiskey shortage will continue. Wine will probably be supplied at about same rate as last month. Beer will be extremely short by July 4. Shortage of grain, bottles, and cartons is cause. Dealers with cartons and bottles to exchange will get most beer. Indications are that imports of gin and rum will maintain supply at about present level. Bartenders will do well to continue to feature fancy drinks. Conditions are generally unchanged from April.

Cordially,


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