

BEFORE THE EXECUTIVE DIRECTOR, DEPARTMENT OF REVENUE  
STATE LICENSING AUTHORITY  
STATE OF COLORADO

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STIPULATION, AGREEMENT, AND ORDER

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IN THE MATTER OF:

**ANHEUSER BUSCH, LLC**

1. d/b/a Anheuser-Busch Sales of Southern Colorado  
11100 Bradford Road  
Littleton, CO 80127  
License No. 03-05558 Wholesale Beer (malt liquor)  
License No. 03-05557 Wholesale (vinous & spirituous)  
License No. 03-00460 3.2% Beer Wholesale
  
2. d/b/a Anheuser Busch  
1455 East 62<sup>nd</sup> Avenue  
Denver, CO 80216  
License No. 01-25130-0007 Wholesale Beer (malt liquor)  
License No. 01-25130-0001 3.2% Beer Wholesale  
License No. 03-03349 Wholesale (vinous & spirituous)
  
3. d/b/a AB Visitors Town Center  
2351 Busch Drive  
Fort Collins, CO 80524  
License No. 01-25130-0002 Wholesale Beer (malt liquor)  
License No. 01-25130-006 3.2% Beer Wholesale  
License No. 01-25130-0005 Manufacturer (brewery)  
License No. 01-25130-0004 3.2% Beer Manufacturer
  
4. d/b/a American Eagle Distributing CO  
3800 Clydesdale Parkway  
Loveland, CO 80538  
License No. 03-05403 Wholesale Beer (malt liquor)  
License No. 03-05404 Wholesale (vinous & spirituous)  
License No. 04-00435 3.2% Beer Wholesale
  
5. d/b/a Anheuser-Busch Sales of Southern Colorado  
4330 Mark Dabling Blvd.  
Colorado Springs, CO 80907  
License No. 03-05560 Wholesale Beer (malt liquor)  
License No. 03-05559 Wholesale (vinous & spirituous)

License No. 04-00461 3.2% Beer Wholesale

6. d/b/a Anheuser Busch  
One Busch Place  
St. Louis, MO 63118  
License No. 80-19313-0001 3.2% Non-resident Manufacturer  
License No. 80-19313-0002 Non-resident Manufacturer (malt liquor)

Licensees.

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The Colorado Department of Revenue, Liquor Enforcement Division (“Division”) and **Anheuser Busch, LLC**, d/b/a as **Anheuser-Busch Sales of Southern Colorado** (License No. 03-05558 Wholesale Beer (malt liquor); License No. 03-05557 Wholesale (vinous & spirituous); and License No. 03-00460 Wholesale (3.2% Beer)); **Anheuser Busch** (License No. 01-25130-0007 Wholesale Beer (malt liquor); License No. 01-25130-0001 Wholesale (3.2% Beer); and License No. 03-03349 Wholesale (vinous & spirituous)); **AB Visitors Town Center** (License No. 01-25130-0002 Wholesale Beer (malt liquor); License No. 01-25130-006 Wholesale (3.2% Beer); License No. 01-25130-0005 Manufacturer (brewery); and License No. 01-25130-0004 Manufacturer (3.2% Beer)); **American Eagle Distributing CO** (License No. 03-05403 Wholesale Beer (malt liquor); License No. 03-05404 Wholesale (vinous & spirituous); and License No. 04-00435 Wholesale (3.2% Beer)); **Anheuser-Busch Sales of Southern Colorado** (License No. 03-05560 Wholesale Beer (malt liquor); License No. 03-05559 Wholesale (vinous & spirituous); and License No. 04-00461 Wholesale (3.2% Beer)); and **Anheuser Busch** (License No. 80-19313-0001 3.2% Non-resident Manufacturer; and License No. 80-19313-0002 Non-resident Manufacturer (malt liquor)) (collectively referred to as “Licensees”), hereby stipulate and agree as follows:

1. The Executive Director of the Colorado Department of Revenue, as the State Licensing Authority (“State Licensing Authority”), has jurisdiction over Licensees, and the subject matter herein, pursuant to sections 44-3-101 through 44-3-1002, C.R.S. (“Liquor Code”)<sup>1</sup>; and/or its promulgated rules, Regulations 47-002 through 47-1020, 1 C.C.R. 203-2 (“Liquor Rules”), and sections 24-4-101 through 24-4-108, C.R.S. (“State Administrative Procedure Act”).
2. On August 14, 2018, following an investigation by the Division, the State Licensing Authority served an Order for Audit to Licensees attached hereto as **Exhibit 1**, and incorporated herein by reference.
3. This Stipulation, Agreement, and Order (“Order”) constitutes the entire agreement between the Parties, and there are no other agreements or promises, written or oral, express or implied, that modify, interpret, construe, or affect this Order. This Order resolves all matters related to the Division’s investigation, the Order for Audit, and/or any subsequent administrative action resulting from the Order for Audit, only in relation to the named

<sup>1</sup> Formerly codified in Title 12, Article 47 of the Colorado Revised Statutes. Re-codified effective October 1, 2018

Licenses, which may have occurred on or before the effective date of this Order. See Paragraph 24. Nothing in this Order shall resolve any other case, complaint, or matter resulting from the Division's investigation in relation to any other holder of a Colorado liquor license.

4. The Division and Licenses have come to a mutual agreement and understanding to jointly propose to the State Licensing Authority a resolution of the allegations against Licenses, in lieu of proceeding with the Order for Audit and/or any subsequent administrative action resulting from the Order for Audit.
5. The terms and conditions of this Order are subject to approval by the State Licensing Authority.
6. Licenses acknowledge receipt of sufficient notice, advisement of rights, and process of the proceedings, and wish to resolve all issues, which were the subject of the Order for Audit, by entering into this Order.
7. The Division alleges the following facts and violations of the Liquor Code and/or Liquor Rules:
  - a. On or about August 1, 2014 through July 31, 2017, Licenses entered into lease agreements or contracts with retail license accounts across the State of Colorado for the purposes of providing equipment used in the storing, handling, serving, or dispensing of alcohol beverages ("Equipment Agreements");
    - i. In doing so, Licenses provided unlawful financial assistance in violation of subsection 44-3-308(1), C.R.S., and Regulation 47-322, 1 CCR 203-2; and
  - b. Licenses failed to maintain adequate books of account and records to show fully the business transactions of the Licenses, in violation of section 44-3-701, C.R.S. and Regulation 47-700, 1 CCR 203-2.
8. Licenses deny the allegations contained in paragraph 7 above.
9. In response to the Order for Audit and the alleged facts and violations identified in in Paragraph 7 above, Licenses certify that:
  - a. Licenses lease management system for leasing equipment within the State of Colorado is now managed from St. Louis, Missouri; and
  - b. Licenses have conducted an internal review and made reasonable efforts to address any recordkeeping deficiencies alleged in Paragraph 7 above.
10. The Division and Licenses have agreed to the terms and conditions in this Order to resolve the alleged violations of the Liquor Code and Liquor Rules identified in Paragraph 7 above

without the cost and uncertainty of litigation. Nothing contained in this Order shall be construed to be an admission of violations of Liquor Code or Liquor Rules on the part of Licensees.

11. Licensees agree in lieu of proceeding with the Order for Audit and any subsequent administrative action(s) resulting from the Order for Audit, to submit to the following:
  - a. To pay a lump sum of five-hundred thousand dollars and no cents (\$500,000.00) to the Colorado Department of Revenue, to be transmitted to the state treasurer who shall credit the same to the general fund. Payment shall be made to the Department of Revenue within thirty (30) days of the date of execution of this Order by the State Licensing Authority. Licensees shall contact the Division to make an appointment for delivery and payment. Payment shall be delivered to the Division; and
  - b. No later than March 31, 2019, Licensees will conduct and complete a compliance training, mandatory for all personnel under the direct employment of Licensees in Colorado and any third-party agents of Licensees, located in Colorado, who are directly involved in the sale and marketing, or distribution of alcohol beverages within the state of Colorado ("Compliance Training"). The Compliance Training will contain measures to prevent any violations of a nature similar to those alleged in this Order, and will address organizational wide mechanisms to comply with sections 44-3-308 and 44-3-701, C.R.S., and Regulations 47-322 and 47-700, 1 CCR 203-2. Licensees agree to submit to the Division documentation evidencing successful completion of the Compliance Training by all employees referenced above no later than March 31, 2019.
12. Following Licensees' compliance with Paragraph 11(a) above, the Division will file a Notice of Compliance with the State Licensing Authority. Upon the State Licensing Authority's receipt of the Notice of Compliance the Order for Audit shall be rescinded.
13. Failure to comply with the terms of this Order may be sanctioned by the State Licensing Authority as set forth in the Liquor Code, Liquor Rules, and this Order.
14. This Order can and shall be admissible as evidence at any future hearing before the State Licensing Authority and may be used as an aggravating factor in connection with any future actions by the Division regarding future alleged violations of a similar nature to those identified in Paragraph 7 above.
15. Any issues relating to the underlying investigation or the Order for Audit that formed the basis for this Order against Licensees (and any defenses that Licensees may have to such investigation or the Order for Audit) shall not be at issue in any future proceeding against Licensees for failing to comply with the terms of this Order.
16. Licensees agree and acknowledge that Licensees entered into this Order knowingly and voluntarily. Licensees acknowledge the terms of this Order were mutually negotiated and

agreed upon. After the opportunity to consult with legal counsel, Licensees have read this Order and fully understand its nature, meaning, and content. Licensees agree that upon execution of this Order, no subsequent action or assertion shall be maintained or pursued by Licensees asserting the invalidity in any manner of this Order.

17. Upon execution by all Parties, this Order shall represent the entire and final agreement of the Parties. In the event that any provision of this Order is deemed unenforceable by a court of competent jurisdiction, such provision shall be severed, and the remainder of this Order shall be given full force and effect.
18. Licensees further understand, and knowingly and voluntarily waive the following rights:
  - a. The right to a formal disciplinary hearing on the merits of the matters forming the basis of this Order and the right to require the State Licensing Authority to meet its burden of proof in a formal hearing;
  - b. The right to cross-examine all witnesses against Licensees at a formal hearing; and
  - c. The right to subpoena witnesses, present evidence and to testify on Licensees own behalf at a formal hearing; and
  - d. The right to an administrative appeal this Order.
19. By signing this Order, Licensees consent to the terms and conditions described herein and agree to waive the right to judicial review of this Order pursuant to section 24-4-106, C.R.S.
20. This Order shall be binding upon Licensees and shall inure to the benefit of the Parties to this Order and their respective successors and assigns, and shall be construed in accordance with and governed by the laws of Colorado.
21. All the costs and expenses incurred by Licensees to comply with this Order shall be the sole responsibility of the Licensees, and shall not in any way be the obligation of the Division.
22. For the purpose of addressing any future violations of the Order, the terms Liquor Code and Liquor Rules shall include any later-adopted provision of the Liquor Code and Liquor Rules that is in effect at the time of the violation.
23. This Order may be executed by facsimile or e-mail, and any signatures delivered by either method will be deemed to be as valid as an original signature.
24. This Order shall be effective on the date approved and ordered by the State Licensing Authority. Should the State Licensing Authority reject this Order, the terms and conditions of this Order shall be void and non-binding on either Party.

Stipulation, Agreement, and Order  
Anheuser Busch LLC d/b/a Anheuser Busch *et al.*

25. Upon approval and order of the State Licensing Authority, this Order shall become a permanent part of the record, and shall be open to public inspection and published pursuant to the Division's standard policies and procedures or applicable law.

***Signature Page to Follow***

Standard, Accuracy and Order  
Admission Busch, LLC, LLC, Advertiser Busch, LLC

Patrick Maroney  
Director  
Legal Enforcement Division

Date



12/7/18

Vice President, WOD, Sales  
Admission Busch, LLC


12/7/2018  
Date

and

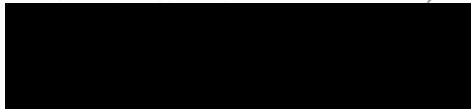
Charles W. March  
V. Chief Secretary  
Admission Busch, LLC

Date

Approved as to form

  
John B. Aycenne  
Colorado Department of Law  
Counsel at Large to the Division

12/7/18  
Date



12.4.2018

Heidi Versallada  
V. Chief Secretary  
Counsel to Executives

Date

Stipulation, Agreement, and Order  
Anheuser Busch LLC d/b/a Anheuser Busch et al.

  
Patrick Maroney  
Director  
Liquor Enforcement Division

12-07-18  
Date

-and-

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Mateus Schroeder  
Vice President, WOD, Sales  
Anheuser-Busch, LLC

\_\_\_\_\_  
Date

-and-

\_\_\_\_\_  
Charles W. Straub  
Assistant Secretary  
Anheuser-Busch, LLC

\_\_\_\_\_  
Date

*Approved as to form:*

\_\_\_\_\_  
Austin P. Bernstein  
John B. Viverito  
Colorado Department of Law  
*Counsel of Record for the Division*

\_\_\_\_\_  
Date




12-4-18  
Date

\_\_\_\_\_  
Habib Nasrullah  
Adam P. Stapen  
*Counsel for Licensees*



Stipulation, Agreement, and Order  
Anheuser Busch LLC d/b/a Anheuser Busch *et al.*

APPROVED and ORDERED this 7<sup>th</sup> day of December, 2018.



Michael S. Hartman  
Executive Director  
Department of Revenue  
State Licensing Authority

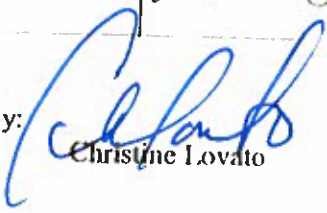
*Telecopy or electronic versions of this stipulation which contain telecopy facsimiles of signatures shall be deemed duplicate executed originals of the stipulation. This stipulation may be executed in counterparts and delivered by facsimile, U.S. Mail (or private carrier), or pdf transmission.*

Stipulation, Agreement, and Order  
Anheuser Busch LLC d/b/a Anheuser Busch et al.

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing **STIPULATION, AGREEMENT, AND ORDER** was sent via e-mail and placed in the United States Mail on December 7, 2018, addressed as follows:

<p>Benjamin A. Halpert Associate General Counsel One Busch Place St. Louis, MO 63118 Email: [REDACTED]</p>	<p>Adam P. Stapen Dill &amp; Dill Stonbraker and Hutchings P.C. 455 Sherman Street, Ste. 300 Denver, CO 80203 Email: [REDACTED]</p>
<p>Habib Nasrullah Wheeler Trigg O'Donnell LLP 370 Seventeenth Street, Ste. 4500 Denver, CO 80202 Email: [REDACTED]</p>	<p>Austin P. Bernstein Assistant Attorney General John B. Viverito Senior Assistant Attorney General 1300 Broadway, 8th Floor Denver, CO 80202 E-mail: austin.bernstein@coag.gov; john.viverito@coag.gov</p>

By:   
Christine Lovato

**BEFORE THE EXECUTIVE DIRECTOR, DEPARTMENT OF REVENUE  
STATE LICENSING AUTHORITY  
STATE OF COLORADO**

---

**ORDER FOR AUDIT PURUSANT TO §12-47-701, C.R.S.**

---

**IN THE MATTER OF:**

**ANHEUSER BUSCH, LLC**

1. d/b/a Anheuser-Busch Sales of Southern Colorado  
11100 Bradford Road  
Littleton, CO 80127  
License No. 47-05558 Wholesale Beer (malt liquor)  
License No. 47-05557 Wholesale (vinous & spirituous)  
License No. 47-00460 3.2% Beer Wholesale
2. d/b/a Anheuser Busch  
1455 East 62<sup>nd</sup> Avenue  
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License No. 01-25130-0001 3.2% Beer Wholesale  
License No. 47-03349 Wholesale (vinous & spirituous)
3. d/b/a AB Visitors Town Center  
2351 Busch Drive  
Fort Collins, CO 80524  
License No. 01-25130-0002 Wholesale Beer (malt liquor)  
License No. 01-25130-006 3.2% Beer Wholesale  
License No. 01-25130-0005 Manufacturer (brewery)  
License No. 01-25130-0004 3.2% Beer Manufacturer
4. d/b/a American Eagle Distributing CO  
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Loveland, CO 80538  
License No. 47-05403 Wholesale Beer (malt liquor)  
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License No. 46-00461 3.2% Beer Wholesale

6. d/b/a Anheuser Busch  
One Busch Place  
St. Louis, MO 63118  
License No. 80-19313-0001 3.2% Non-resident Manufacturer  
License No. 80-19313-0002 Non-resident Manufacturer (malt liquor)

Licensees.

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The Executive Director of the Colorado Department of Revenue, in his capacity as the State Licensing Authority ("State Licensing Authority"), hereby finds and orders as follow:

1. Anheuser Busch LLC, ("Licensees") holds eighteen (18) alcohol beverage licenses in the State of Colorado.
2. The State Licensing Authority has jurisdiction over the Licensees pursuant to subsections 12-47-201(1) and 12-47-202(1), C.R.S., of the Colorado Liquor Code ("Liquor Code") and the regulations promulgated thereto.
3. Pursuant to section 12-47-701, C.R.S.: (emphasis added)

[e]ach licensee shall keep a complete set of books of account, invoices, copies of orders, shipping instructions, bills of lading, weigh bills, correspondence, and all other records **necessary to show fully the business transactions of such licensee**, all of which shall be open at all times during business hours for the inspection and examination of said state licensing authority or its duly authorized representatives. The state licensing authority may require any licensee to furnish such information as it considers necessary for the proper administration of this article, **and may require an audit to be made of such books of account and records** on such occasions as it may consider necessary by an auditor to be selected by said state licensing authority who shall likewise have access to all books and records of such licensee, and the expense thereof shall be paid by said licensee.

4. Throughout 2016 and 2017, Licensees were the subject of an investigation by agents of the Department of Revenue, Liquor Enforcement Division (“Division”).
5. On August 31, 2017, agents for the Division served upon Licensees a demand for business records pursuant to section 12-47-701, C.R.S., and Regulation 47-700, 1 C.C.R. 203-2 (“Demand for Business Records”).
6. The Demand for Business Records requested any and all records from August 1, 2014 through July 31, 2017, related to “providing, giving away, selling and/or loaning” retail licensees with equipment used to store, refrigerate, and/or dispense alcohol beverages. Such equipment included (a) Budweiser Signature Towers; (b) permanent draft/draught systems; and/or (c) refrigeration and/or dispensing equipment (“Equipment”). The Demand for Business Records also requested records demonstrating proof of payment by retail licenses for the receipt of such Equipment. *See Exhibit 1 attached.*
7. Licensees responded to the Demand for Business Records by submitting records on three separate occasions: October 23, 2017; November 9, 2017; and finally on February 26, 2018.
8. The cumulative response to the Demand for Business Records revealed Licensees entered into lease agreements or contracts with approximately 797 retail license accounts across the State of Colorado. However, Licensees’ response to the Division’s Demand for Business Records was incomplete as it did not provide all relevant documentation necessary to show fully the business transactions of each license.
9. Having conducted an initial investigation of the Licensees’ response to the Demand for Business Records, the Division has objective grounds and reasonably believes Licensees engaged a pattern and practice of violations of the Liquor Code and regulations, including but not limited to:
  - a. Engaging in a statewide pattern and practice of offering unlawful financial assistance to, and engaging in unfair trade practices with, retail licensee accounts by providing approximately \$268,000.00 worth of Equipment at either below cost to the Licensees or at no cost to retail licensee accounts; and
  - b. Failing to maintain adequate books of account and records to show fully the business transactions of the Licensees in accordance with section 12-47-701, C.R.S., and Regulation 47-700(B), 1 C.C.R. 203-2.


10. The nature and full extent of such violations cannot be determined from the response to the Demand for Business Records because Licensees' failed to provide bank statements, financial ledgers, account ledgers or other financial records to demonstrate proof of payment for the Equipment or to demonstrate the current status of outstanding account balances.
11. Furthermore, while investigating the accuracy and validity of the response to the Demand for Business Records, agents of the Division learned from various retail licensees that Licensees may have provided addition forms of unlawful financial assistance and engaged in additional unfair trade practices acts with retail licensee accounts, including but not limited to:
  - a. Provision of equipment at either below the Licensees' cost or at no cost to retail licensee accounts unidentified in the response to the Demand for Business Records;
  - b. Use of company credit cards by Licensees sales representatives used to off-set Equipment purchases and other purchases by retail licensee accounts; and/or
  - c. Entry into unwritten exclusivity agreements with retail licensee accounts in exchange for the installation and use of alcohol beverage coolers and draft/draught systems.
12. Based on Licensees' failure to provide a complete set of records necessary to show fully the business transactions of all eighteen (18) liquor licenses, and the Division's initial investigation demonstrating a pattern and practice of violations of the Liquor Code and regulations, the State Licensing Authority hereby finds an Audit is necessary to ensure the proper administration of the Liquor Code and Regulation promulgated therefrom.
13. The State Licensing Authority delegates to the Director of the Division the authority to direct and determine the scope of the Audit. The overall purposes of the Audit include, but are not limited to, a determination of whether Licensees received payment for the provided Equipment; a determination of the financial status of outstanding retail licensee accounts; and an examination of whether the Licensees have complied with the requirement to keep a records necessary to show fully the business transactions of the Licensees.
14. The State Licensing Authority delegates to the Director of the Division the authority to select a Person(s), licensed and certified as a public accountant, to conduct the Audit. The Auditor shall consult with the Division regarding the scope and progress of the Audit, and the Auditor's report setting forth its

findings and conclusions shall be provided to the Division and Licensee upon completion of the Audit. The results of the Audit may lead to future administrative disciplinary action.

15. Pursuant to section 12-47-701, C.R.S., Licensees shall provide access to the Auditor of all books of account and records of Licensees, and shall fully and timely cooperate with the Auditor, provide all documents and information requested by the Auditor, and comply with any and all deadlines set forth by the Auditor. Failure to comply with the Audit may constitute grounds for future administrative disciplinary action.

16. The expense of the Audit shall be paid for by Licensees pursuant to section 12-47-701, C.R.S.


**ORDERED AND APPROVED** this 10<sup>th</sup> of August, 2018.

  
\_\_\_\_\_  
Michael S. Hartman  
Executive Director  
Department of Revenue  
State Licensing Authority

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing **ORDER OF AUDIT PURUSANT TO § 12-47-701, C.R.S** was served via electronic mail and U.S. Mail on August 14, 2018, addressed as follows:

<p>Benjamin A. Halpert Associate General Counsel One Busch Place St. Louis, Missouri 63118</p> <p>[REDACTED]</p>	<p>Adam P. Stapen Dill &amp; Dill Stonbraker and Hutchings P.C. 455 Sherman Street, Ste. 300 Denver, CO 80203</p> <p>[REDACTED]</p>
<p>John B. Viverito Senior Assistant Attorney General Austin P. Bernstein Assistant Attorney General Ralph Carr Judicial Center 1300 Broadway, 8<sup>th</sup> Floor Denver, CO 80203 720-508-6362 (Viverito); x6412 (Bernstein) john.viverito@coag.gov; austin.bernstein@coag.gov</p>	<p>Habib Nasrullah Wheeler Trigg O'Donnell LLP 370 Seventeenth Street, Ste. 4500 Denver, CO 80202</p> <p>[REDACTED]</p>


By:   
Christine Lovato



**CERTIFICATE OF SERVICE**

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<p>Habib Nasrullah Wheeler Trigg O'Donnell LLP 370 Seventeenth Street, Ste. 4500 Denver, CO 80202 Email: [REDACTED]</p>	<p>Austin P. Bernstein Assistant Attorney General John B. Viverito Senior Assistant Attorney General 1300 Broadway, 8th Floor Denver, CO 80202 E-mail: austin.bernstein@coag.gov; john.viverito@coag.gov</p>

By:   
Christine Lovato