



NLLEA Direct to Consumer Shipping Survey

What suspected unlawful activity is your agency finding with DTC Shipping

1. Unlicensed/permitted Shipper
2. Failure to pay proper alcohol excise tax
3. Failure to pay proper alcohol sales tax
4. Failure to properly verify age of the consumer upon delivery
5. Unauthorized alcoholic beverages
6. Direct Shipper permit holder is not bottling or producing the product they sold to the consumer
7. Over shipment of product per state limitations
8. Shipping to an unapproved address
9. Tainted product
10. Local option communities where it is illegal to possess alcohol
11. Shipping into states that don't allow out of state shipments

Common Carrier Reports need to contain the following information in order to properly audit and verify a legal shipment

1. Name of Shipper
2. Address of Shipper
3. Date Shipped/Date of Delivery
4. Receipt of Deliver – logging of information regarding to whom the package was provided
5. Capture signature of person taking possession of the package
6. Capture ID of person taking possession of the package
7. Shipper's number on package
8. Tracking number
9. Amount Shipped/number of packages
10. Retention of all this information for a specified period of time (90 days, 6 mo., etc.)

Challenges with Common Carriers/Reports (UPS, FedEx Ground, FedEx Express)

1. Dropping alcohol on consumer's doorsteps and leaving
2. Ensuring proper licensing to send product to specific state.
3. Making sure they are doing the mandatory checks of identification – Mandated ID checks
4. Proper labeling on shipping containers



5. No reports
6. For wine, the biggest challenge we are facing is determining who can legally ship, if they are licensed properly, and that the product is actually wine.
7. Need state direct shipper permit numbers of wineries to the monthly report that is received.
8. Another challenge is the package itself. Common Carriers stated that packages are labeled as wine or alcoholic beverages but there is no way to confirm that unless someone is there to witness the product being packaged. Common carriers have stated they have a list of prohibited items from being shipped but they can't confirm.
9. Difficulty obtaining assistance from FedEx to integrate their data in our state's internal system.
10. Key common carriers expressed challenges in obtaining state license/permit information to determine shipper can ship into state.
11. Carriers difficult to provide customer shipment information because it may violate their customer privacy agreements.
12. Carriers require subpoenas before issue requested docs.
13. Failure to include alcoholic beverage permit number on the package slip from originator and report on the state Carrier report
14. Reports are very voluminous. 40-man hours per report and some states receive at least 3 reports per month. (UPS, FedEx Ground, FedEx Express)
15. Not checking permit status of sender
16. If all ABC's require carriers to confirm shipper permit/license to ship alcohol into their state, will reduce some challenges with carriers. This will improve number of permit/licenses to be issued, collection of taxes and reduce number of illegal shipments.

Direct Shipper Reports need to contain the following information in order to properly audit and verify a legal shipment

1. Whether any shipments are made
2. Date of shipment
3. Invoice Date
4. Invoice Number
5. Shipping company and alcohol carrier number
6. Number of containers shipped
7. Volume of each container shipped (total gallons) (total liters)
8. Brand of each container shipped (type of wine)



9. Names and address of recipients
10. Price charged
11. Tracking number
12. Name of 3rd party fulfillment center, if applicable

Challenges with Fulfillment Centers

1. They do not have to have a license
2. Required to report receiving and disbursement of alcohol. This is all done on an honor system and we suspect it is highly underreported.
3. Require them to be licensed, but some states don't offer this license type
4. Impossible to verify alcohol shipments from carrier reports to see if any shipments came from the permit holders who use fulfillment centers
5. Not permitted and cannot obtain information unless subpoenas issued
6. Located in state receiving inter-state shipments and passing shipments to carriers in state as intra-shipments.
7. Required to maintain records but not provide them.
8. Located in other states which present significant challenges inspecting.
9. Sending wine from wineries that do not hold direct shipper permits

Other recommendations

1. Standardized labeling on packaging to indicate alcohol (labeling format, size and color)
2. Mandated and standardized training be created and required of all entities involved in shipping and delivery of alcohol.