

Antes, Christopher

From: German, Jacob <Jacob.German@btlaw.com>
Sent: Thursday, March 19, 2026 10:00 PM
To: ATC-Rules
Cc: Allen, Jessica; Burdick, Brian
Subject: RE: Rule 32.1 Written Testimony - BRL
Attachments: Rule 32.1 Testimony_BRL.pdf

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Melissa,

Hope you are doing well. There was a typographical error in the submission today – the date of the suggested grandfather period was listed as March 12, **2026** instead of **2027**. Not sure it matters, as I would expect people would understand a one year grandfather period ends in 2027. But I did correct that typo in the attached.

Best,

Jake



Jacob German, Partner

Direct: (317) 231-7538 | **Email:** Jacob.German@btlaw.com

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From: ATC-Rules <ATC-Rules@atc.IN.gov>
Sent: Thursday, March 19, 2026 8:53 AM
To: German, Jacob <Jacob.German@btlaw.com>; ATC-Rules <ATC-Rules@atc.IN.gov>
Cc: Allen, Jessica <JeAllen@atc.IN.gov>; Burdick, Brian <Brian.Burdick@btlaw.com>
Subject: [EXTERNAL] RE: Rule 32.1 Written Testimony - BRL

Thank you, Mr. German. We have received your comments and greatly appreciate your feedback. Your comments will be posted on ATC's Rulemaking Docket at the following link:

<https://www.in.gov/atc/rulemaking-docket/>

Very truly yours,

Melissa A. Beaucaire

General Counsel
Indiana Alcohol and Tobacco Commission
302 W. Washington Street
Room E-114

Indianapolis, IN 46204
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From: German, Jacob <Jacob.German@btlaw.com>
Sent: Thursday, March 19, 2026 11:23 AM
To: ATC-Rules <ATC-Rules@atc.IN.gov>
Cc: Allen, Jessica <JeAllen@atc.IN.gov>; Burdick, Brian <Brian.Burdick@btlaw.com>
Subject: Rule 32.1 Written Testimony - BRL

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Please let this serve as written testimony submitted by Big Red Liquor. Looking forward to working on this together.

Would appreciate confirmation/receipt when you have time.

Best,

Jake



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March 19, 2026

Sent via email: atc-rules@atc.in.gov
Indiana Alcohol and Tobacco Commission
Attn: Melissa Beaucaire, General Counsel
Indiana Government Center South Building
302 West Washington Street, Room E114
Indianapolis, IN 46204

RE: Rule 32.1 – Cooperative Purchasing

To whom it may concern:

We represent TWG BRL, LLC (“BRL”), and we are submitting this letter to the Indiana Alcohol and Tobacco Commission (“ATC”) for the purpose of providing comment on the proposed readoption of Rule 32.1 Group Purchasing Agreements. Group purchasing agreements governed by Rule 32.1 and associated regulations (905 IAC) remain a critical mechanism for ensuring affordable access to necessary goods and supplies, particularly for smaller entities that lack the bargaining power to negotiate competitive prices on their own. By participating in group purchasing, co-ops and similar organizations can leverage collective buying power to achieve favored product pricing, promote efficiency, and foster resource sharing, which ultimately benefits members and the broader community. This collaborative approach has proven effective in supporting operational needs and advancing the principle of mutual benefit. BRL supports cooperative purchasing as a general matter, including the continued exclusion of beer. However, we believe the industry has changed so substantially since 1985 when the original statute was adopted (and 1996 when Rule 32 was repealed and replaced with Rule 32.1 and the subsequent expansion in 2020), coupled with the public safety, product control, industry best practices and market equity concerns that have eroded due to permittee activity in recent years, make it advisable to amend Rule 32.1 presently to protect the public and market integrity.

It is increasingly evident that the unchecked proliferation of co-op groups forming under the current regulatory framework and their activity has extended far beyond the original intent of Rule 32 (now Rule 32.1), as first established in 1985. That rule was designed to empower smaller entities to participate in group purchasing for efficiency and affordability, yet always within a context of strong regulatory oversight, product control, and clear safety standards. Today, with minimal restrictions on the number of members or location of transactions, there now exists a multitude of groups whose activities significantly diverge from the needs and public safety

considerations that were anticipated at the Rule's inception. The changes made in 2020 turned out to be a well-intentioned, but misguided attempt to solve a logistical challenge. Most notably, it resulted in the widespread practice of conducting alcohol deliveries and distributions out of the back of trucks in parking lots, beyond the scope, requirements, and public policy found in Title 7.1 and 905 IAC floorplan requirements. In fact, these uncontrolled environments create what can only be described as the 'Wild West' of alcohol delivery—conditions more akin to an unregulated, third-world marketplace than to the orderly system intended for the distribution of a controlled substance. Such practices are inherently unsafe, exposing both participants, the general public to unnecessary risks, and fall outside best practices for supply chain management and compliance with Indiana's intended regulatory standards. Indeed, wholesalers have reported guns being brandished at these delivery sites. Furthermore, minors are permitted in these spaces, whereas they are not permitted within the footprint of the physical structure of a packaged liquor store (the intended footprint). The result is unacceptable public safety and an institutional lack of product control that belies the statutory construct of Title 7.1 and commonsense.

At the March 12 public hearing on this Rule, the Commission heard from retailers about how any change to Rule 32.1 would put them out of business. BRL knows this is an emotional topic and chose to submit this written testimony as opposed to presenting these views in an environment where emotion would reign. However, BRL has been a part of this regulated community fabric for many years, and like the legislature and the ATC, has heard the repeated argument that ANY change to the status quo would result in businesses closing. In truth, this has never come true. In fact, the experience of recent policy updates in Indiana demonstrates that carefully considered regulatory amendments can modernize alcohol control without destroying the viability of small, independent liquor stores. For example, the introduction of Sunday sales allowed retailers to operate an additional day, providing increased convenience to consumers while allowing independent operators the flexibility to compete. Similarly, permitting Election Day alcohol sales removed a longstanding restriction without undermining small businesses or negatively impacting public safety. Most recently, it was asserted that if Total Wine and Spirits was to become a permittee in Indiana the result would be closure of countless package liquor stores. In each case, initial concerns about adverse impacts on small liquor stores gave way to a more balanced reality, in which these establishments continued to thrive by adapting to updated rules. Put another way, the sky did not fall.

Given these public safety and product control concerns, we request the ATC consider amending 905 IAC to reestablish commonsense safeguards and clear, enforceable requirements for co-ops wishing to continue group purchasing activities. Chief among these, co-ops should be required to collectively invest in proper warehouse facilities that meet all regulatory standards, thereby ensuring safe, secure, and efficient product receipt, storage, and distribution. Establishing a shared warehouse space would directly address public safety risks by shifting deliveries away from uncontrolled parking lots to compliant, monitored, and enclosed structures. This approach not only mitigates liability concerns associated with ad hoc distribution methods but also reinforces

the level of organizational responsibility and accountability expected from group purchasers handling a controlled substance. By modernizing the relevant regulations, Indiana can ensure that group purchasing continues to provide collaborative benefits, while remaining within the structure and spirit of the law—reforming a potentially unregulated system into one defined by transparency and best practices. To accomplish this, the co-op members should be permitted to split the cost, both capital and operational, which results in a minimal investment to bring us back to a professional standard of product control and management.

To realign with the intent of cooperative purchasing under the statute, it is advisable to introduce amendments to Rule 32.1 that restrict the number of participants within any single co-op and limit the geographic footprint in which a co-op may operate. Today we have co-ops with dozens of members and permittees that are members of multiple co-ops. By imposing reasonable limitations on membership size, regulators can ensure that group purchasing activities remain manageable and facilitate more robust oversight, reducing risks associated with oversized or loosely organized co-ops. Crucially, any amendment should require that all products involved in group purchases come to rest at a designated warehouse facility before being distributed to individual members. This requirement would provide an added layer of safety and quality control, ensuring proper product documentation and handling while eliminating risks posed by today's practice of direct deliveries in uncontrolled parking lots. Finally, entities should not be permitted to participate in multiple co-ops simultaneously, as overlapping memberships can undermine regulatory oversight, make accountability more difficult to establish, and allow participants to circumvent purchasing restrictions designed to protect the public interest.

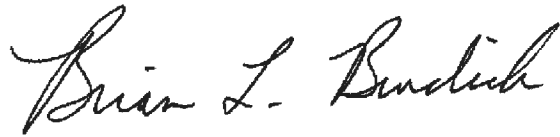
From BRL's perspective, this is also an issue of equity. BRL, like other permittees, has instituted best practices for public safety and product control, operating out of warehouses where deliveries are made and from where product is transported to its stores, never leaving its care, custody, or control. Its owners made these investments and signed the personal guarantees necessary to borrow money to operate with the public's interest always front of mind. We ask the ATC to raise the product control and public safety bar back to an acceptable (and expected) standard. It is an honor to be a permittee, not a right, and "cheaper and easier" should not be the guiding regulatory principle, but rather compliance, market integrity, and public safety. Again, BRL is supportive of cooperative purchasing modernized to raise the bar of professionalism back to the level and standard demanded by the intent of Title 7.1 and expected by our legislature and citizens when handling a controlled substance. Due to the degradation of control standards and current co-op practices, we understand there will be disruption to current businesses and we specifically do not want that, so we recommend that the current practice be grandfathered until March 12, 2027 to allow these co-ops to establish appropriate warehouse space.

In summary, while the group purchasing model embodied in Rule 32.1 and related regulations has been instrumental in supporting independent retailers since its inception in 1985, the current realities demand meaningful modernization. The unchecked growth of co-ops, proliferation of unsafe parking lot delivery practices outside 905 IAC and Title 7.1 floorplan

requirements, and the evolution toward a loosely regulated market has created risk to public safety and regulatory accountability that cannot be ignored. By amending 905 IAC and Rule 32.1 to require the use of compliant warehouse facilities, limit co-op size and geographic reach, and prohibit overlapping memberships, Indiana can restore the spirit of collaborative benefit the law was meant to provide, all while reestablishing oversight and safe, orderly alcohol distribution consistent with the statutory framework and public policy goals of Title 7.1. The Indiana experience with Sunday sales, Election Day sales, and the launch of Total Wine and Spirits demonstrates that smart, well-considered reforms can enhance market function and consumer convenience without undermining small, independent businesses. Adopting these focused amendments will reinforce transparency, safety, and operational integrity within the group purchasing system, maintaining a fair, competitive, and well-regulated marketplace for all.

Please contact us with any further questions. We would welcome the opportunity to continue to work on this important issue with the ATC.

Sincerely,



Brian L. Burdick



Jacob A. German