

# CRAFT SPIRITS

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COVID-19  
A TO-GO SOCIETY

DU NORD'S CHRIS MONTANA  
A BETTER FUTURE



THE MOONS  
OF JUNIPER

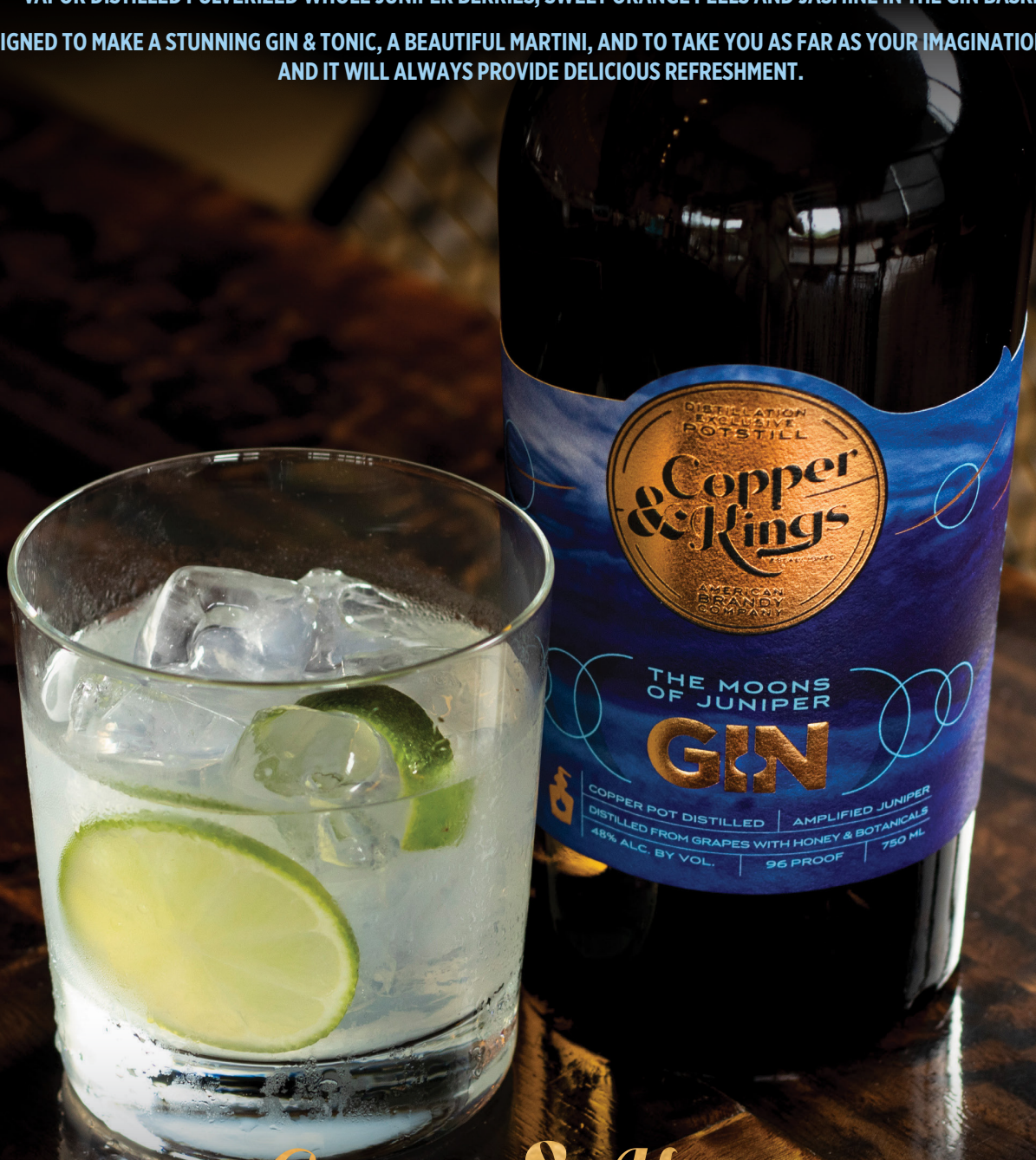
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# CRAFT SPIRITS

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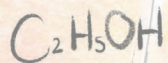
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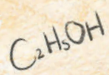


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# PIVOTAL MOMENT

After writing (well, rewriting) my Editor's Note in the previous issue of *Craft Spirits*, I thought, "Maybe I can be a bit more upbeat in the next edition." Well, here we are.

There's been a lot of "one step forward, two steps back" in the battle to control COVID-19. South Korea, New Zealand and most of Europe have done a phenomenal job containing it. The state of New York has made tremendous strides, as well. A number of other states—not so much. In fact, many pockets of the country are experiencing a resurgence in cases, which underlines the fact that this virus is going to be a part of our lives for quite some time. It certainly doesn't help that the whole thing has become politicized. You'd think that even in a country as divided as the U.S., people could find common ground in the desire to live. But some just don't like to be told what to do, regardless of how sound the directive may be.

Please, for the love of all that is good and holy, wear a mask! This will be over a lot sooner if everyone complies. And that means bars, restaurants and tasting rooms will be able to reopen to full capacity sooner rather than later. And I'm pretty sure that is one objective on which we ALL can agree.

Also in the tumultuous time since the last issue, we got some tragic and painful reminders of just how far we've yet to go as a society to address systemic racial inequality. The murders of George Floyd and Breonna Taylor—and far too many before them—and the protests across the country and around the world have shone a bright spotlight on the legacy of injustice that persists within our borders. And it's forcing all of us to take stock of our own lives and reckon with the roles we have played in enabling this broken system. We all can—and must—do better as an industry and as a society.

Our businesses—this publication included—must better reflect our diverse nation and be inclusive of a much greater diversity of voices and points of view. ACSA will be announcing some comprehensive diversity-focused initiatives before the publication of the next issue.

But if there's been anything positive to come out of these

difficult times, it's that the craft spirits business has once again demonstrated what an amazingly unified and compassionate community it is. As you likely have heard by now, on May 29, Du Nord Craft Spirits, owned by ACSA's immediate Past President Chris Montana, was badly damaged in an attack during the unrest in Minneapolis. Without missing a beat, the craft spirits industry and its allies quickly rallied in response to the GoFundMe campaign and raised \$100,000 to help Du Nord rebuild. But you don't need to hear about this from me. Chris was gracious and generous enough to tell us in his own words on page 30 of this issue. Please give it a read.

There will be many challenges ahead, challenges that our industry will be able to meet—but only if we continue to look out for one another.

And, on that note, I raise a glass to a future defined by peace, justice, health and prosperity.



Jeff Cioletti  
Editor in Chief

To see a running list of distilleries that are making hand sanitizer, visit [CraftSpiritsMag.com](https://CraftSpiritsMag.com).



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**Lew Bryson** has been writing about beer and spirits full-time since 1995. He was the managing editor of *Whisky Advocate* from 1996 through 2015, where he also wrote the American Spirits column, and reviewed whiskeys. He is currently a senior drinks writer for the *Daily Beast*, and also writes for *WhiskeyWash.com*, *American Whiskey* and *Bourbon+*. He is the author of “Tasting Whiskey” (Storey Publishing, 2014) and the just-released “Whiskey Master Class.” He’s also written four regional brewery guidebooks.



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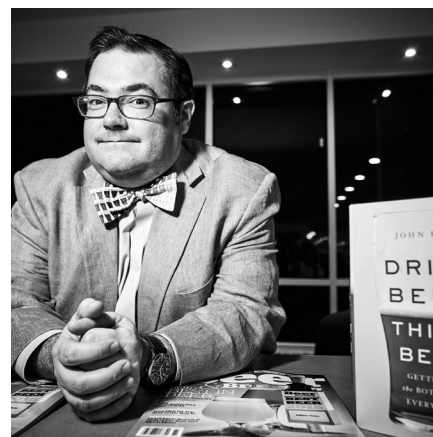
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**Mark Shilling** is the managing principal of Shilling/Crafted, specializing in distillery startup operations and project management. After spending 20 years as a government and regulatory affairs professional (aka “lobbyist”), Mark founded Revolution Spirits Distilling Company in 2013, quickly establishing the distillery as a favorite stop along the Central Texas beer, wine, and spirits trail. He helped establish the Texas Distilled Spirits Association in 2012, is a past President of ACSA, and is the ACSA Government Affairs Committee Chair.



**Kate Bernot** is a reporter covering beer, food and spirits. She was formerly an editor at *The Takeout* and *DRAFT Magazine*; she now regularly writes for *Good Beer Hunting*, *Craft Beer & Brewing* and other publications. She is a certified beer judge and lives in Missoula, Montana, with three backyard chickens and a well-stocked bar cart.



**John Holl** is a journalist covering the beer industry. He’s the author of several books including “Drink Beer, Think Beer: Getting to the Bottom of Every Pint” and “The American Craft Beer Cookbook.” He is the co-host of *Steal This Beer*, a podcast and his work has appeared in *The New York Times*, *The Washington Post*, *Wine Enthusiast* and more. John has lectured on the culture and history of beer and judged beer competitions around the world.





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After starting his professional career in electoral politics, **Chris Montana** graduated first in his class at the University of D.C., and then moved back to Minnesota to attend Hamline University Law School. After graduating law school, Chris joined the law firm of Fredrikson & Byron. While still in law school, Chris had an idea to create a micro-distillery in the heart of his hometown. In 2013, he and his wife Shanelle, founded Du Nord Craft Spirits in south Minneapolis. He is the immediate past President of ACSA.

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The second collaboration between **Sagamore Spirit** of Baltimore and **Sierra Nevada Brewing Co.** is the 90-proof **Sagamore Spirit Brewer's Select Rye Ale Barrel Finish**. Sagamore Spirit finished a blend of six-year-old and four-year-old straight rye whiskeys in barrels that first aged Sagamore Spirit rye, and then Sierra Nevada's prized red ale. The result is a one-of-a-kind rye, revealing rich cocoa on the nose, with notes of creamy caramel and hazelnut to taste.



In mid-June, **One Eight Distilling** of Washington, D.C., released the 122-proof **Untitled Whiskey No. 18**—a special chapter in the distillery's UNTITLED creative small-batch spirits series. For the first time, the distillery blended its own grain-to-glass District Made Rye Whiskey with a barrel of the finest 14-year-old high-rye bourbon selected from its rickhouse and bottled it at barrel strength to preserve its complexity of flavor.



**Catocin Creek Distilling Co.** of Purcellville, Virginia, released **Infinity Barrel #InThisTogether Rye Whiskey** on June 1. Aged in leftover casks from the distillery's barrel select program, all profits from this limited 80-proof release will go to charities supporting struggling restaurants and bars. Catocin Creek's barrel select program allows area restaurants to bottle and sell custom-made whiskey from the distillery's more experimental barrels.



Dallas-based **Oak & Eden** announced the launch of its ninth unique expression since inception in May 2018, **Bourbon & Brew**. The 90-proof spirits merges the creamy sweetness of Oak & Eden Bourbon whiskey, finished with the depth and richness found in West Oak Coffee's cold brew coffee.



Denver-based **Laws Whiskey House** recently released its **6-Year Bottled in Bond San Luis Valley Rye**. At 100 proof, Colorado's first-ever Bonded Rye Whiskey is now two years older. This rye expression was first released after aging four years, and Laws is now proud to present it again after two additional years of aging. It was crafted from Colorado Malting Company's San Luis Valley rye grain harvested from a single season, shaped by Laws as the single distiller, and then aged in for six years.



**Maplewood Brewery & Distillery** of Chicago announces the release of its new **Spruce Gin**, distilled from a blend of neutral spirits and malted barley. The Spruce Gin is the distillery's first widely distributed product in its ever-evolving craft spirits portfolio. At 95 proof, it is distilled with a generous amount of Colorado spruce tips, rooibos tea, citrus, lavender and traditional gin botanicals.



**Lonerider Spirits** of Holly Springs, North Carolina, announced the launch of its **Straight Bourbon Whiskey Finished in Tequila Casks**. The 90-proof spirit starts as a hand-crafted high rye bourbon whiskey with a mash bill of 60% corn, 36% rye and 4% malted barley (all non-GMO). It was finished in ex-tequila barrels from Jalisco, Mexico.



In honor of Father's Day, **Distillery 291** of Colorado Springs, Colorado, announced two new tasting room releases—**291 Colorado Straight Rye Whiskey** (128.6 proof) and **291 Colorado Straight Bourbon Whiskey** (133.8 proof). Matured in deep-charred, new American white oak barrels for three years each, these limited offerings are the oldest whiskeys 291 has released to date.



**Golden Moon Distillery** of Golden, Colorado, recently released two new 92-proof whiskeys: **Golden Moon Principium**, a Colorado single malt and **Golden Moon Triple**, an Irish-style Colorado single malt. Both are made from 100% two-row Moravian barley, grown in Colorado and the surrounding states and malted in Golden.



**The Family Jones** of Denver and Loveland, Colorado, has released the 94-proof **Ella Jones Colorado Straight Bourbon Whiskey**. Made from 100% Colorado grain, the average age of the Ella blend is 2.8 years. The mash bill includes 75% corn (60% of which was organically grown by Colorado Stock & Grain, the remainder of which was grown by Whiskey Sisters), 15% Organic Dillion Rye from Colorado Stock & Grain, and 10% Metcalf 2-row malt from Root Shoot Malting.



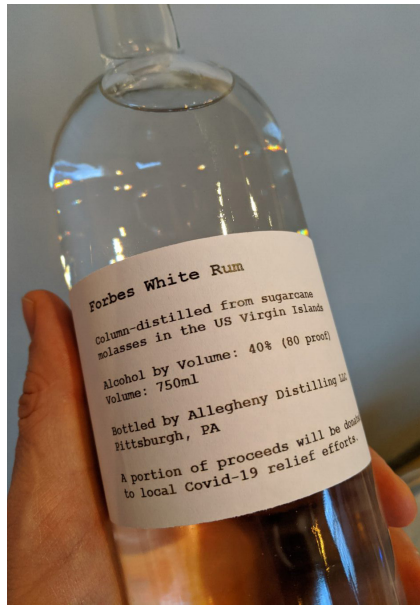
**Widow Jane Distillery** of Brooklyn, New York, recently announced the release of **Lucky Thirteen**, a collection of private barrel, high rye bourbon whiskeys. Lucky Thirteen is aged 13 years in American oak barrels hand-picked by president and head distiller Lisa Wicker, proofed with limestone-rich water from the legendary Rosendale Mines, and bottled at multiple proofs between 91 and 99.



Michigan's **New Holland Spirits** has introduced a line of vodka-based hard seltzers. The first flavors in the line of **Lake Life Seltzers** are **Cranberry Lime** and **White Peach Honey**. At 4% ABV, each can contains 82 calories, no sugar, and is gluten-free.



**Spirit Works Distillery** of Sebastopol, California, has released its **Four Grain Straight Bourbon Whiskey**. Each batch of the 90-proof whiskey is the proprietary blend of the distillery's two bourbon formulas. Featuring 60% corn with wheat, rye and barley in the mash bills, the grains are all organic and the corn and wheat are grown in California. The whiskey was mashed, fermented, distilled and aged on-site (for a minimum of four years) by Spirit Works's female distilling team.



**Allegheny Distilling**, the producer of **Maggie's Farm Rum**, has released **Forbes White Rum** with a portion of proceeds being donated to local COVID-19 relief efforts. This light rum has been bottled at 80 proof under the Forbes brand for the value price of \$19 per 750-mL with at least \$2 of each bottle being donated to charity.



This spring, **Virginia Distillery Co.** of Lovingson, Virginia, launched its first American single malt in its **Courage & Conviction** product line. The just-released 92-proof flagship whisky is matured in old world sherry casks, traditional bourbon barrels and re-coopered cuvée wine casks which adds intensity and complexity to the spirit. Additional releases will feature individual bottles of each casks, slated for later this year.



**Copperworks Distilling Co.** of Seattle this June announced the launch of **Copperworks American Single Malt Whiskey Release 030**. For the 100-proof release, Copperworks started with three casks of whiskey made from its Five Malt recipe that was aged in new American Oak for 37 months. It was then blended in a portion of a barrel of whiskey made from a Pale Malt recipe that was first matured in a cognac cask for 27 months and was then transferred to an Oloroso Sherry cask to mature for another 26 months.



Waterbury, Connecticut-based **Continuum Distilling** released a limited-release 92-proof spirit, **RELIEF Drops**, to benefit its newly launched CT Brewery Relief Fund. Working with area breweries, Continuum is working to not only rescue “trimmings” from the beer brewing process but also kegs that are expiring with restaurants and bars temporarily closed.



**Koloa Rum Co.** of Hawaii announced the launch of the brand’s second aged rum release with the debut of its 92-proof **Kauai Reserve 12-Barrel Select Four-Year Aged Hawaiian Rum**. Each 12-barrel batch yields approximately 3,500 bottles, which are carefully inspected and numbered to ensure quality. It is gently aged in American white oak barrels for a minimum of four years at its Kalaheo Distillery on the Garden Isle.



**Cedar Ridge Distillery** of Swisher, Iowa, has announced the release of **QuintEssential American Single Malt Whiskey**, the culmination of a lifetime of work for Cedar Ridge founder and master distiller Jeff Quint, and his son, head distiller Murphy Quint. The 92-proof whiskey will be available in Iowa for \$59.99.



**SanTan Spirits**, the distilling side of Arizona’s **SanTan Brewing Co.**, is releasing its newest offering—Butcher Jones, Straight Rye Whiskey, Cask Strength. The 126-proof spirit is made with North American Rye, 2-Row Barley and a kiss of corn. SanTan Spirits featured malted barley to balance the fruity rye spice with the caramel malt sweetness of barley. Butcher Jones is distilled in artisan pot stills and aged in new American oak for a minimum of two years.

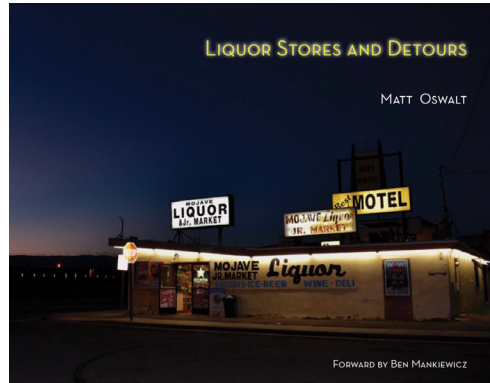




**The Little Book of Cocktails**  
**Author:** Karen Hoskin with Alissa Johnson  
**Publisher:** Montanya Distillers  
**Release Date:** May 2020

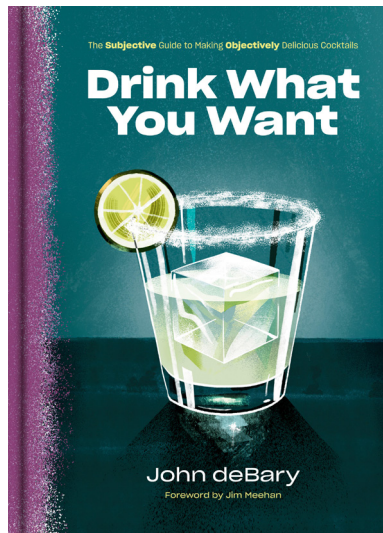
Based in Crested Butte, Colorado, Montanya Distillers has been making Montanya Rum for more than a decade, and founder and owner Karen Hoskin has been making cocktails since her first bartending gig in 1986. That experience culminates in an

e-book in which the company shares its best tips for making better cocktails: elevating garnishes and mixers, reducing sugar without compromising on flavor, and demystifying gluten in spirits and stocking a home bar. The book is available for free at [resources.montanyarum.com/book-of-cocktails](https://resources.montanyarum.com/book-of-cocktails).



**Liquor Stores and Detours**  
**Author:** Matt Oswalt  
**Publisher:** Matt Oswalt  
**Release Date:** November 2019

This self-published book by Matt Oswalt features photographs of liquor stores in and around the Los Angeles area, as well as detours when Oswalt “simply got lost in the desert.” Some of the images also inspired Oswalt to write stories about “whatever the wind kicked up as I stood there focusing my camera,” ranging from comedy, noir, thriller and autobiographical. The book includes a foreword from Ben Mankiewicz, a host on Turner Classic Movies. A limited number of the books are available for purchase on Oswalt’s website at [matoswaltphoto.com](https://matoswaltphoto.com).



**Drink What You Want**  
**Author:** John deBary  
**Publisher:** Clarkson Potter  
**Release Date:** June 2

A nonjudgmental, back-to-basics approach to making custom cocktails that’s as fun as it is definitive—from a New York City bartender who’s worked everywhere from PDT to Momofuku. In “Drink What You Want,” John deBary explains the rules of drink-making and teaches how to tweak

any drink, both classic and creative, to your preferences and moods. While giving newbies a rundown of cocktail culture, lingo and etiquette, John turns the “cocktail book” concept on its ear by infusing a traditionally formal topic with his fresh, conversational voice.



**Spirits of Latin America**  
**Author:** Ivy Mix  
**Publisher:** Ten Speed Press  
**Release Date:** May 26

A James Beard Award-nominated bartender explores the history and culture of Latin American spirits in this travelogue—with more than 100 cocktails featuring tequila, rum, pisco and more. Through its in-depth look at drinking culture throughout Latin America, this book offers a rich cultural and

historical context for understanding Latin spirits. Ivy Mix has dedicated years to traveling south, getting to know Latin culture, in part through what the locals drink. What she details in this book is the discovery that Latin spirits echo the Latin palate, which echoes Latin life, emphasizing spiciness, vivaciousness, strength, and variation. After digging into tequila and Mexico’s other traditional spirits, Mix follows the sugar trail through the Caribbean and beyond, winding up in Chile, Peru and Bolivia, where grape-based spirits like pisco and singani have been made for generations.



## CRAFT SPIRITS COMMUNITY RALLIES TO SUPPORT DU NORD CRAFT SPIRITS

In the early morning hours of May 29, Du Nord Craft Spirits was severely damaged amidst all of the devastation in Minneapolis. DuNord is owned by the American Craft Spirits Association's immediate Past President Chris Montana. Several fires were set inside the distillery's warehouse—located on the same block as the Third Precinct police station, the epicenter of the unrest—which triggered Du Nord's fire suppression system and dumped more than 26,000 gallons inside the facility over the course of four to four and a half hours. While the system prevented the fire from destroying the building, the damage was vast.

Montana has been a dedicated leader both in his tenure as ACSA President and within the industry at large. Like many others, since the pandemic, he pivoted distillery operations to produce hand sanitizer for his community, including first responders.

ACSA asked everyone within our dynamic craft spirits community, alcohol beverage sector, and beyond, to support the distillery through a GoFundMe campaign, with all proceeds going toward Du Nord's recovery effort. As of late June, the campaign had raised nearly \$100,000.

## DASHFIRE READY-TO-DRINK COCKTAILS EXPAND TO FLORIDA AND SOUTH CAROLINA

Vision Wine & Spirits, the national sales and import division of Martignetti Companies, together with Dashfire, announce that Dashfire Ready-to-Drink (RTD) 6-pack 100-mL cans will be expanding to two additional states, Florida and South Carolina. The RTDs are already distributed in Delaware, New Hampshire, Massachusetts, Georgia, Illinois, Washington D.C., Maryland, Michigan, Missouri, Texas, Virginia and Minnesota.

Dashfire is a family-owned bitters and cocktail company based out of Minnetonka, Minnesota. Its line of ready-to-drink cocktails launched in July 2019, and features six high-proof, complex, ready-to-drink cocktails, based on some of the best classic cocktails. The cocktails feature base spirits that combine Dashfire-

made extracts and bitters.

"The taste for high-quality craft cocktails remains strong, with consumption shifting from bars and restaurants to at-home, backyard or Zoom happy hours. Dashfire's ready-to-drink cocktails were designed to be enjoyed wherever the consumer is, which, right now, is at home," Lee Egbert of Dashfire said in a press release.



## KOLOA RUM CO. EXPANDS DISTRIBUTION ON MAINLAND

Hawaii's award-winning Koloa Rum Co. announces the expansion of mainland distribution for its premium rums and ready-to-drink blends to Virginia, Wisconsin and Michigan, in addition to securing new retail accounts with Walmart stores throughout Florida.

"Since opening the distillery in 2009, we have been firing on all cylinders to increase revenues, expand availability, and grow the Koloa Rum brand into one of the most recognized names in premium spirits," said Bob Gunter, president and CEO of Koloa Rum. "We recently celebrated our 10th year in the business, and with the current build-out of our new, larger distillery, we remain focused on expanding mainland distribution to make our award-winning portfolio readily available throughout the U.S. and around the world."

Koloa Rum products are now available at 15 Festival Foods stores, and will soon be available at local retailers throughout Wisconsin via Johnson Brothers, a leading, family-owned distributor of wine, spirits, and beer.

In Michigan, Koloa Rum can be found at retail locations, restaurants and bars throughout the state via Imperial Beverage, a top 10 statewide beer, wine & spirits wholesaler established in 1933.

In Virginia, Koloa Rum products will soon be sold at select retail outlets across the state, and are currently available to residents through online ordering via the Virginia Alcoholic Beverage Control Authority (ABC). Throughout Florida, Koloa Rum products will now be readily available to consumers at 48 Walmart stores. The retail chain will carry Koloa Kau'i Coconut and Coffee rums, as well as ready-to-drink varieties including the brand's Hawaiian Mai Tai Cocktail, Hawaiian Rum Punch and Hawaiian Pineapple Passion Rum Cocktail in 40 cities across the state.





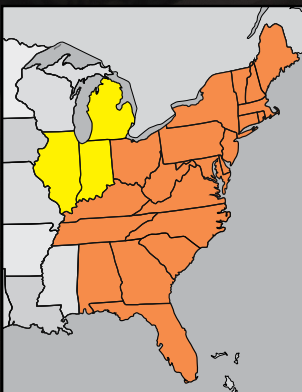
## WSET LAUNCHES RAISING SPIRITS CAMPAIGN TO BENEFIT U.S. HOSPITALITY SECTOR

The Wine & Spirit Education Trust (WSET), the largest global provider of wine, spirits and sake qualifications, has launched its Raising Spirits campaign in the U.S. The campaign has been set up to support the hard-hit U.S. hospitality sector during the COVID-19 crisis. WSET's Raising Spirits campaign aims to offer a minimum of 5,000 active members of the bar, restaurant and hospitality sectors the opportunity to take an online WSET Level 1 Award in Spirits course. The initiative will give hospitality employees the opportunity to increase their industry knowledge and skills while they are not able to work and will provide a much-needed boost to the sector's morale.

WSET pledges to cover the cost of the course delivery but is looking for support from the US drinks industry to ensure that as many hospitality employees as possible are able to benefit.

"The US hospitality industry is really struggling and, as an important part of the sector, we want to play our part in offering support," said Dave Rudman, executive director, WSET Americas, in a press release. "With our Raising Spirits campaign, we aim to keep hospitality workers engaged by giving them the chance to upgrade their spirits knowledge during this difficult time. We want to help as many people as possible and so are reaching out to the wider drinks industry to work with us on this campaign."

The globally recognized WSET Level 1 Award in Spirits is delivered over four weeks through WSET's Online Classroom under the guidance of a dedicated WSET educator. At the end of the course students will be required to sit an online exam.



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## USBG NATIONAL CHARITY FOUNDATION APPROVES MORE THAN 30,000 GRANTS

In June, the USBG National Charity Foundation announced that it has approved more than 30,000 grants through its Bartender Emergency Assistance Program COVID-19 Relief Campaign.

“As an organization, we’re proud to provide a small cushion to thousands of those in our community who have seen their livelihoods adversely affected by the COVID-19 pandemic,” said USBG National Charity Foundation volunteer board member Kim Haasarud. “These are bartenders, bar backs, and bar servers from all fifty states, Puerto Rico, and the U.S. Virgin Islands, the majority of whom have worked full-time in the bar industry for more than a decade. All have found themselves experiencing some level of food insecurity, housing insecurity, medical needs or a combination of those things.”

Via the COVID-19 Relief Campaign, modest, yet meaningful emergency grants of \$150-500 drawn from generous donations have, since April 8, been allocated to eligible applicants with the intention of supplementing federal relief programs that are designed to help with larger, sustained expenses.

The foundation also announced that as of June 15, it would suspend acceptance of new grant applications through its COVID-19 Relief Campaign.

“This is one of the heartbreaking realities we’re forced to stare down,” said Haasarud. “Right now we have \$8.5 million in committed donations—enough in donations to fund a total of 30,000 grants. We need a total of \$18 million to fund grants for all eligible applicants that we currently have.”



## INFUSE SPIRITS APPOINTS JOE CASTRILLI VP, NATIONAL ACCOUNTS

Infuse Spirits Group L.L.C. announced the appointment of Joe Castrilli as its vice president of national accounts.

“Joe possesses one of the most complete backgrounds in sales management of national and strategic accounts in the country,” said Seth Benhaim, CEO of Infuse Spirits. “In his new role, Joe will report to Jonathan Roth, SVP of sales, and lead the Infuse Spirits national accounts team.”



Castrilli has relationships with key buyers and growth-oriented national accounts having worked for Terlato Wines International for the past 15 years as SVP of strategic accounts, as well as holding VP roles in national accounts prior with Trinchero Family Wines and Constellation Brands. Castrilli has been recognized with many awards honoring his sales achievements in national accounts including Wine.com Top Supplier Award.

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## BAR CONVENT BROOKLYN TO GO 100% VIRTUAL THIS YEAR

The organizers of Bar Convent Brooklyn (BCB) announced in June that the event that had been rescheduled for August will now be entirely virtual.

BCB's complimentary virtual trade show will be dedicated to providing education and support that recognizes and addresses the direct and essential needs of the industry. The virtual conference will remain a place for attendees to connect with exhibitors, discover new products, and network with fellow industry professionals. This year's show will offer the added value of online educational sessions, a dedicated matchmaking platform for attendees to set up individual appointments with brands, speakers, other attendees and more.

BCB says it will also launch a new platform for the industry that goes beyond the show itself called Infused365. This platform will act as a year-round, go-to hub; including showcasing resources presented during the virtual show on top of ongoing content that covers industry news, educational webinars and digital programming that unites the industry online. In addition, BCB will launch a podcast, dedicated to amplifying the voices of the industry and touching on all matters of equality, inclusivity and community support.



The BCB team will continue to provide further, timely information on virtual plans for 2020, and plans to return as a physical show in June 2021.

## FALLS CHURCH DISTILLERS LAUNCHES SUMMER WORKSHOP SERIES

Falls Church Distillers is launching a summer distilling workshop series for individuals interested in starting their own craft distilling business. The two-day workshops will be held July 8-9, August 12-13 and September 9-10 in Falls Church, Virginia. By offering a hands-on course in distilled spirits, Falls



Church hopes to offer entrepreneurs and enthusiasts insight and knowledge into distilling and what it takes to build a business.

Workshops will be led by Mitch Abate, head distiller at Down Slope Distilling in Englewood, Colorado, and Dr. Kallie Stavros from Falls Church Distillers.

The two-day introductory course covers the beginnings of commercial distilling logistics from building codes to regulations through sales and distribution, which is followed by a hands-on workshop that covers commercial production from top to bottom.

"We want guests to walk away with a good understanding of establishing a distilling business" said Michael Paluzzi, founder, Falls Church Distillers.



## A Great Label Speaks For Itself

The Wagle Whiskey design team worked with Blanc to achieve a truly unique label - from the custom manufactured label stock to the foils and embossing process - their label captures the essence of the brand and attracts your attention. We are fortunate to work with a family-owned business like Wagle Whiskey, and are delighted to see their achievements in the industry. Many thanks to the craft distillers that are leading change and opening doors of opportunity for small business success!



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## MONTANYA DISTILLERS EXPANDS U.K. DISTRIBUTION WITH SKYLARK SPIRITS PARTNERSHIP

Montanya Distillers, a craft rum distillery and Certified B Corporation based in Crested Butte, Colorado, has partnered with Skylark Spirits to expand its distribution.

This makes it easier to get all four of Montanya's rums (Platino, Oro, Exclusiva, and Valentia) across the U.K. and Europe. Karen Hoskin, Montanya's founder, first connected with Skylark more than a year ago at the Miami Rum Congress and from there a friendship and partnership emerged.

"From the start, they've had almost as much excitement about Montanya as we do, and their rum expertise blew me away," Hoskin said. "They have developed a model for distribution that I wish the world would follow and I'm thrilled to have their partnership to continue the expansion of Montanya overseas."

Skylark Spirits, based in London, is an importer and distributor of fine cane spirits. Skylark will initially help expand the distillery's distribution in England but the company also immediately connected Montanya to the European Union.

Through Master of Malt, anyone in Eu-

rope may have Montanya's rums shipped to their door.

As bars and restaurants begin to re-open and distribution expands in liquor stores, consumers will start to see Montanya rums on more shelves and back bars.

"Montanya is an authentic and unique craft rum brand with an incredible story that we

now get to share," said Jaz Anand, director at Skylark Spirits. "Montanya not only makes delicious rums, but it also proves you can do business while taking care of the essentials like the environment, diversity, community, and philanthropy. As a certified B Corp, Montanya is a company others look to as a role model. We're honored to be their partner."



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# Distillers Can Add Fragrances To Sanitizers - Here's How!

If you've recently converted your distillery or brewery to make hand sanitizer, you're probably finding the ethanol alcohol you're using is producing incredibly offensive odors in your final product. Even worse, you've probably found the temporarily relaxed FDA regulations don't allow you to add additional ingredients to remedy the tequila or rotten garbage smells.

As it turns out, the master perfumes at Alpha Aromatics have created a series of additive solutions that reduce these unpleasant odors in ethanol-based sanitizers. Even more, there is in fact an application process that distilleries and breweries can apply for in order to add this solution while also meeting FDA regulations.

Like distillers and breweries, perfume companies are doing their part to compensate for the critical shortage of hand-sanitizer. And like other manufacturers whose products are made by using ethanol because of the shortage of isopropyl alcohol, Alpha Aromatics would otherwise be dealing with the stink associated with this were they not the scent and odor control masters they are.

To combat those odors, Alpha Aromatics has developed a series of FDA-compliant additives, which reduce the odors associated with ethanol and leave the hand sanitizer with a pleasant clean scent when applied to the skin.

In the words of Bryan Zlotnik, COO of Alpha Aromatics, when it comes to fragrance for these ethanol-based products: "The ethanol odor-reducing solutions vary depending upon the intensity of the ethanol odor and what it was made from. As a result, the solution used in a solution can be different from one ethanol sanitizer to another. ... Producers have only to send small amounts of their samples to our perfumers who can analyze the product, assess the correct solution and then quickly supply several options for a fragranced odor control solution that will be suitable to a particular brand. While this new additive may not be a cure-all panacea, it will certainly aid in curtailing the deadly spread of this terrible virus."

There are four simple steps a distiller or brewer should take to add additional ingredients to hand sanitizer product. They are 1) Establish a Dun & Bradstreet Dun Number. 2) Create a CDERDirect Account and Register the Establishment. 3) Request a Labeler's Code. 4) Confirm the Labeler with the NDC. Read more about these steps here.

Each step is recommended for successful registration and will enable you to make fragranced hand sanitizers through the temporary



relaxed FDA regulations and beyond. Each step requires an initial submission, followed by periodic updates/renewals to maintain an accurate and current status.

If you have any questions or need guidance, please feel free to submit a written inquiry on Alpha's website or call their team today, +1 (412) 252-1012, and see how they can help you with reducing odors and adding a fragrance to your hand sanitizer product, while meeting all temporary and long-term FDA regulations.

**Please note: If you are producing or repackaging hand sanitizer under the *FDA temporary policies*, any changes or additions to the formula will require the submission of a New Drug Application to the FDA, and will require a TTB permit amendment to allow for industrial alcohol production, as well as formula approval.**



# WHAT ARE YOU GOING TO DO WITH YOURSELF?

BY LEW BRYSON

The first day I arrived at college was a blur. I moved in, met my roommate and said goodbye to my folks. There was a big cookout under a tent, and then we poured into the gym for orientation. It was a small school, there were only about 800 of us.

We were welcomed by the president, an affable, patrician type, and told how lucky we were to be at this amazing institution of higher learning. Well, yes! We were the very stuff, us.

Then the dean of students got up to speak to us, and things suddenly came into sharp focus. It was a moment I remember clearly, more than 40 years later.

"Look at the person to the right of you," he said, "and now look to the person to the left of you." We did that, and laughed. It was all fun, we were meeting each other.

What he said next shut that down, hard. "The three of you, together for the first time," he said with some gravity. "In four years, only two of you will be here for graduation." He followed that with some sage advice about how not to be that missing person ... at least, I assume he did, because I sure don't remember much about that day after that statement. I was shocked.

I know now that this is a fairly standard speech. I've heard people tell similar stories; one guy who went to art school laughed and said they were told that only one of them would be there. But it's effective, because it's true.

You're in that gym, right now. This is the first day of freshman year, and the winnowing is coming. Distilling is like every other small business in this respect. The pandemic and the inevitably slow recovery is going to wreak holy hell on us all. Yeah, me too; writers aren't immune.

It's going to be especially hard because this industry hasn't had its first shakeout yet. Craft brewing did, in the mid-90s, and another after 9/11, so they have some experience with knowing what dumb things not to do.

Don't build on projections beyond two years, and don't borrow too much on that. Don't spend grandly on things that don't directly improve your products or your sales. And don't ever believe that the band can't stop playing.

All the good advice in the world won't be enough, of course. Hundreds of distillers—and thousands of brewers—will close and never reopen. This is an unprecedented event in our lifetime. Also, as a brewer friend of mine put it, "Too many of these guys have never failed." He had—lost it all—and when he finally got back in, it was with a much more conservative business model.

But I don't really want to talk to you about the winnowing and the disaster. You know that, you're living it, and more of it has happened than when I wrote this. None of us know how this is going to pan out, and I'm not here to predict how many of you will make it.

I want to talk to you about graduation, about what you do after the disaster when you're one of the two kids remaining. I'm here to ask that other dean of students question, the one at graduation: What are you going to do with your lives now, going forward?

Are you going to plan every financial decision much more defensively? Stay close, watch out for yourself and your family first, and stick to sure things? Is it going to be about being ready with a reserve of cash?

Or maybe you're going to become much more involved in mutual assistance in your community. Many of you made high-proof sanitizers and donated them to first responders, hospitals and nursing homes. Some of you worked with brewers to distill their out-of-code beer to do that. Some fed hospital workers, EMTs, nursing home residents, your furloughed staff. Some are making sure your furloughed staff keep their healthcare, get their unemployment benefits. Some of you put in the work to get online ordering up and running in a matter

**I'm here to ask that other dean of students question, the one at graduation: What are you going to do with your lives now, going forward?**

of days to give people an at-home option.

There was a lot more cooperative effort: lobbying, sharing of resources and information, even cash. That happened among the craft distillers and with the established ones, with brewers and cider makers, with restaurants. Your state guilds stepped up to get emergency actions through state governments, helped members with PPP applications. It worked pretty well, didn't it?

A year ago, my first column was about working together. That's the way to go moving forward. This is still an industry with a bright future, and many of you made a lot of friends during the crisis. Don't leave them behind. Stick with that program, and you'll all be stronger together. Gung ho, folks. ■



Lew Bryson has been writing about beer and spirits full-time since 1995. He is the author of "Tasting Whiskey" and "Whiskey Master Class."





# DRINKS TO SAVOR FROM ACSA MEMBERS

## S.B.C.

The team at **Spirit Works Distillery** of Sebastopol, California, loves making riffs on the Negroni, using the distillery's Sloe Gin to replace sweet vermouth. With the S.B.C., the balance of bitter and sweet blends perfectly with Spirit Works Bourbon.

### Ingredients

1 ounce Spirit Works Sloe Gin  
1 ounce Spirit Works Bourbon  
1 ounce Campari  
Dash of Angostura Orange Bitters

### Directions

Add all ingredients to a cocktail shaker with ice. Shake and strain into rocks glass with large ice. Garnish with orange peel.





## Release the Bees!

This bright summer cocktail from **West Fork Whiskey Co.** of Indianapolis is a play on the traditional Bees Knees. This version substitutes whiskey for gin, but keeps traditional notes with a fresh summer feeling.

### Ingredients

1 ounce Juniper-infused 2 Hour Delay Corn Whiskey  
1/2 ounce The Colonel Bourbon  
1 ounce fresh-squeezed lemon juice  
1 ounce organic local honey (usually clove honey)  
1/2 ounce house-made blackberry syrup

### Directions

Add all ingredients to a cocktail shaker with ice. Double strain into a coupe glass. Garnish with wildflowers.



## Spruce Juice

To accompany the release of its Maplewood Spruce Gin, **Maplewood Brewery & Distillery** of Chicago introduced two new cocktail recipes featuring two of its year-round beer offerings. In Spruce Juice, the gin pairs with a hazy IPA bursting with notes of tropical fruit.

### Ingredients

2 ounces Maplewood Spruce Gin  
3/4 ounce fresh-squeezed lemon juice  
1/2 ounce simple syrup  
4 ounces Son of Juice

### Directions

Shake all ingredients except Son of Juice with ice. Open the shaker and add Son of Juice. Strain into an ice-filled Collins glass.





# BUILDING A CULTURE OF INCLUSION

BY CHRIS MONTANA

When I started Du Nord Craft Spirits in 2013, I felt like I was on an island. There was only one other distillery in my state and none within 100 miles. Even as I was getting started, I felt that we were a junior distillery of sorts. We didn't have the nice equipment; I had no staff; my fermenters were IBC totes with the tops cut off; I mixed mash with a canoe paddle; and, despite anything I could put in the bottle, most people seemed to fixate on the incredibility that a black guy owned a real distillery. I soon learned that many distilleries had challenges similar to mine, but every time my race was pointed out I felt like the island got a little smaller and farther out to sea.

If you grow up in a state like Minnesota and are a person of color, you get used to standing out in a crowd. To put it another way: You get accustomed to not fitting in. I suspect that is why we have always tried to make Du Nord a place where everyone felt like they could fit in—where everyone was wanted and supported.

These past few months have been hard on us all. COVID-19 and cocktail room closures ripped a good portion of revenue from us and distilleries across the country. Then George Floyd was murdered 2 miles from my distillery by four policemen whose precinct was at the end of my block. In that moment, the island got a little smaller, and I was reminded yet again that for all I might do in life, I would be black first. As a father, it deepened the sense of dread I have when I think of my little boys being taken from their world—where equality is assumed and the heaviest of their concerns is whether to watch "Tom and Jerry" or "Paw Patrol" with their coveted TV time—and thrown into a world where people like a George Floyd or a Chris Montana can be murdered by the police and it comes as no surprise. I remember when I was told about how the United States really worked. My biological father was 6 feet 6 inches tall, so there was little chance I would be anything but a large black man. I was told as a kid that I was always at risk because I would forever be

**If you grow up in a state like Minnesota and are a person of color, you get used to standing out in a crowd.**



viewed as a risk. Most people who will read this will not have been told those things and will not have to have that conversation with their kids. I don't expect everyone to suddenly understand experiences that are wholly unavailable to them, but I do expect that we are all mature enough to engage in a conversation about why our system produces these results, how that system begins to explain why our industry lacks diversity in ownership and technical positions, and what we can all do to make things a little better.

I am saddened by George Floyd's murder, the ensuing riots and the damage to our facility, but I am literally overjoyed at all the love I have received. My email inbox is overflowing, I have more texts than I could answer in a week, and I have had phone calls from all over the country and the world all expressing their support for me, my city and a vision of building a more equitable tomorrow. The distilling community has risen up and embraced me in a way I could not have imagined. I have shed many tears in the last few weeks and most of them

are in response to the love I have felt from this community. I am truly humbled. The ACSA, led by the undeniable Margie A.S. Lehrman, and the haranguing of Paul Hletko, have raised funds to help us rebuild and given us the ability to raise funds for others not so fortunate to have a community like all of you. Perhaps best of all, a new energy has been put into long simmering efforts to enhance diversity in our industry on a micro and macro level.

The island is getting bigger and less lonely. The support I have felt tells me that many of you want to join me on that island. The issues our nation and our industry must face are not easily resolved, but I am hopeful that this time may be different because so many new voices are speaking up and reaching out. If I could ask anything more of this industry that has given me so much, it would be to keep the conversation going. Normal wasn't all that great, so let's not go back there. Keep talking and asking questions. You do not need to be a person of color to have a valuable voice when it comes to addressing systemic racism. I would argue that the thing we most need is not for persons of color to continue to ask for equality but rather for everyone else to realize we have not yet achieved it and have a duty to demand it.

I am writing this on Juneteenth, a celebration of the end of a nightmare and the hope of a better future. I want to thank the distilling community for helping me through a nightmare with all of your love and support; I look forward to working with all of you to realize a better future. ■



*Chris Montana is the founder and owner of Du Nord Craft Spirits and is the immediate past-president of ACSA.*



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OWNED

FRAGILE  
GLASS HANDLE WITH CARE  
THIS SIDE UP

BLACK  
OWNED

Made in USA

SKU# 51010003330

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AREA  
ENTERED  
LEVEL ONLY





## ACSA PLANS VIRTUAL EVENT IN LIEU OF IN-PERSON CONVENTION

ACSA is excited to announce it will host Craft Spirits Virtual Summit: A New Journey, scheduled for Aug. 10-12. This digital event will include networking, education, trade show components and more, so please hold the dates and be a part of the exciting new program. More details will follow soon.

Due to health and safety concerns, ACSA has canceled its in-person 7th Annual Distillers' Convention and Vendor Trade Show that was scheduled for early August in Portland, Oregon. Originally scheduled for late March, the in-person event was postponed due to the COVID-19 pandemic. But after careful consideration—including reviews of Oregon's plans for reopening and CDC guidelines, and input from board members and staff—ACSA decided to pursue a new path.

Those who had previously registered for the in-person event may choose to sit tight for details on the virtual summit; roll their registration to ACSA's 2021 convention in Louisville, Kentucky; or donate registration fees to ACSA. If you were previously registered, please contact ACSA's operations administrator, Teresa McDaniel, or call 502.807.4249 to let us know your preference.

While we were eager to gather in person, your health and safety are at the heart of our decision making. We thank you for understanding and hope you will join us virtually in August.

## PUBLIC POLICY CONFERENCE TO GO VIRTUAL

The 2020 DISCUS/ACSA Public Policy Conference that typically takes place in Washington, D.C. each year will take place virtually.

While we are disappointed to not be able to join together in person with distillers from across the country, we unfortunately cannot be certain that the Capitol complex and Washington, D.C. will be ready to welcome group meetings in September. As it's more important than ever that we communicate with lawmakers about the impact COVID-19 has had on our industry, we ask that you save the dates of September 15-16.

Though we'll be virtual, we intend to offer the same opportunities that you have come to expect from this conference each year—to learn and share from one another and celebrate this great industry. Please stay tuned for schedule information and registration details coming soon.



**SAVE THE DATE**

**PUBLIC POLICY CONFERENCE**

September 15 - 16, 2020

Virtual Conference  
Stay tuned for registration details.

**contact:**  
victoria.lange@distilledspirits.org  
carason@americancraftspirits.org

## LEGISLATION ENHANCES PPP LENDING PROGRAM

In early June, the President signed a bill to further enhance the Small Business Administration's Paycheck Protection Program (PPP). On June 3, the Senate passed H.R. 7010 by voice vote which means that the names of senators or numbers voting is not recorded. It passed the U.S. House in late May with only one member opposed. The bill was introduced by Congressman Dean Phillips (D-MN), who comes from a distilling family (and attended the ACSA Congressional reception last year) and by Rep. Chip Roy (R-TX) an area home to many craft distillers.

Congress recognized that the stay-at-home orders and slow openings throughout the country did not make the initial program viable.

The legislation provides the following changes: it extends the "covered period" from June 30, 2020, to December 31, 2020; if further extends the loan forgiveness period to 24 weeks rather than eight weeks; it replaces the 75/25 rule with a 60/40 rule; all new PPP loans that are not in the forgiveness period will receive a 5-year maturity. Existing loans will remain at a two-year maturity (but a longer maturity can be renegotiated with lenders); it fixes an issue and now allows businesses that receive PPP forgiveness to also receive payroll tax deferment; it ensures that small businesses will not be penalized by high unemployment benefits by allowing a good faith documentation that full employment cannot be achieved in re-hiring; and finally, it creates the same good-faith determination that a business cannot re-hire to its previous level of employment because it is required to operate below normal capacity due to emergency orders.

## NEWLY-APPOINTED VETERAN BOARD MEMBERS TO STEER ACSA

ACSA in May announced the election of Becky Harris of Catoctin Creek Distilling Co. (VA) as the President of the Board of Directors. She has served as a member of the organization's Board of Directors since 2019. P.T. Wood of Wood's High Mountain Distillery (CO) and Jeff Kanof of Copperworks Distilling Company (WA) have also been elected as Vice President and Secretary/Treasurer, respectively. Together, Harris, Wood, Kanof and the current Board of Directors will work with CEO Margie A.S. Lehrman to address the key issues facing the craft distilling industry, including COVID-19 industry recovery efforts and Federal Excise Tax reform.

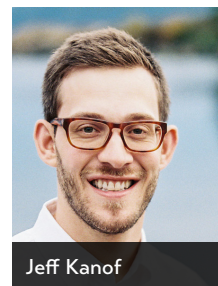
"I am honored to be chosen by my fellow board members, a group of incredible leaders within our craft distilling community, as president, and I am excited to build on ACSA's technical and legislative leadership during such a challenging time," said Becky Harris. "I have already worked closely with the Board of Directors as head of our COVID-19 Task Force, where we have helped the organization build exhaustive resources on sanitizer best practices, PPP and SBA loan assistance, and direct shipping, and I look forward to continuing this work as our industry recovers. I know the road ahead may be long, but I am eager to help our community."

"As Mayor of my hometown of Salida, CO, and a small business owner myself, I understand the hurdles we all face on the road to economic recovery, and I am looking forward to helping our fellow craft distillers," added P.T. Wood.

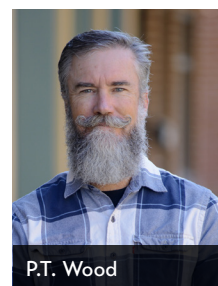
"As a lawyer and the owner and operator of a craft distillery, I'm excited to utilize my legal experience and my deep understanding of the challenges we all face in the current climate to move our industry forward," added Jeff Kanof.



Becky Harris



Jeff Kanof



P.T. Wood



# CRAFT SPIRITS VIRTUAL SUMMIT: A NEW JOURNEY. AUGUST 11<sup>TH</sup> AND 12<sup>TH</sup>, 2020



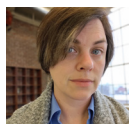
**CRAFT SPIRITS VIRTUAL SUMMIT:  
A NEW JOURNEY**

*American*  
**CRAFT SPIRITS**  
ASSOCIATION

This summit will include networking, education, trade show components and more, so please hold the dates if you wish to be a part of the exciting new digital program. More details will follow soon!

# ACSA ELECTIONS SET FOR JULY

ACSA Board of Director elections were originally scheduled for April, but were postponed due to the pandemic. Elections will open on July 7 and close at midnight on July 21. The results will be certified by July 24, and ACSA will make calls of congratulations and notify others by July 28. The new members will be installed at the first board meeting on July 30.



**Jessica J. Lemmon**  
Cart/Horse Distilling  
Edinboro, Pennsylvania  
East Region

As president of our company, I handle distilling, formulation and TTB submissions (recipes, reports, etc.), accounting, product and premises design, sales and marketing, cocktail design for ourselves and our buyers, and compliance for TTB, our tasting room, and all things building including zoning, code-compliant building design and permitting.

I am a current member of Women of the Vine and Spirits and participate in the monthly calls as often as possible. I hope to begin the Woman Owned certification process in 2020. I have had past involvement with ADI, and still do answer questions on the message boards that may come up. My interests shifted to ASCA once we got beyond the set-up phase and needed higher level educational and product resources. While we do some work with the state guild and reaching out to the state representatives on topics such as FET, being a startup business, we've had to be prudent about which memberships we could afford each year. Regardless of membership, we strive to participate where we can.

I want to run for the ACSA leadership because I believe the educational programs they are running are huge assets to the craft industry, and also because I aspire to help with legislative interpretations evolving for the industry on a local, state and national level. As the first distillery in our county, we faced several challenges with local governments before we were able to find a jurisdiction that would truly work with us. Despite the rough start, we gained valuable experience on how to maneuver past the worst-case scenario, and prevailed.

I am also a registered architect, so I provide code compliant building design, equipment layouts, and efficient planning for ourselves—as well as being an open knowledge resource for new distilleries coming online in our region (helping on items ranging from TTB paperwork questions to mechanical system troubleshooting). Dealing with architecture gives me a multitude of experience dealing with government on a local and state level in regard to both paperwork and code compliance, and health, safety and welfare aspects of planning. I have been active in local nonprofit organizations with an environmental focus and have experience as a board member, vice chair, etc.—often focused on strategic planning,

and improved efficiency for the organizations. If elected, I would be interested in the Safety committee, with an added dash of compliance in the mix.



**Tom Potter**  
New York Distilling Co.  
Brooklyn, New York  
East Region

I've been an active supporter of the ACSA since its beginning. Along with many other people, I helped get the organization off the ground, chairing the Election Committee, coordinating the first two national elections, and moderating the first general meeting Town Hall at our inaugural conference. Since then I've stayed committed to supporting our industry's efforts in passing and maintaining the Craft Beverage Modernization and Tax Reform Act, traveling to Washington, D.C., and knocking on the doors of our congressional representatives.

I've also been active with the New York State Distillers Guild since its first organizational meeting, currently serving on the board and on the marketing committee. In addition, I'm part of the working group of New York City distillers discussing and negotiating with the New York City Fire Department as they prepare to completely rewrite the city's fire code to account for new urban distillers. Given FDNY's reputation and broad influence, it seems likely that other cities across the country may look to this new code as a basis for their own rewrites.

I believe in a big tent theory for our trade organization. I think there is strength in numbers and we need to be as inclusive as possible of all different distillers and different points of view. I believe that success for my distillery—and for each of our distilleries—is made more possible by industry cooperation.

In addition to supporting the ACSA and our state guild, I've helped to start the Empire Rye Whiskey Association and New York Rye Week. Before co-founding New York Distilling Co., I was co-founder of the Brooklyn Brewery, where I served as chairman & CEO for its first 17 years. And before that—a long time ago—I was a freshly minted MBA and junior banker, wondering what I was going to do with my life and thinking there had be something more rewarding than moving money around. Thankfully, it turned out there was.



**Mark A. Vierthaler**  
Tenth Ward Distilling Co.  
Frederick, Maryland  
East Region

I am the head distiller for Tenth Ward Distilling Co. a craft distillery located in central Maryland that marries time-honored distillation traditions with modern tastes and cutting-edge techniques. We are a woman-owned distillery dedicated to distilling unusual and unconventional spirits.

Prior to Tenth Ward I worked as a distiller at Boot Hill Distillery in Dodge City, Kansas. Over the past

three years, I have volunteered on the ACSA Guild, Education and Government Affairs Committees, helping to guide and influence the board's direction in three of its incredibly important functions.

I also volunteer as a member of the Maryland Distillers Guild Education Committee, organizing and presenting on various topics within the distilling sphere.

As a firm believer in the adage “a rising tide lifts all boats,” I'm eager to help grow ACSA with an eye toward increased accessibility to education opportunities, making our industry more accessible to the wider public, and assisting other distilleries in expanding their one-on-one on-site experiences with consumers.

With over a decade of experience and leadership on numerous volunteer boards, city advisory committees, and 501(c)3 not-for-profits, I feel confident that my experiences can be used to help craft the future of both ACSA and our industry as a whole.



**Gina Holman**  
J. Carver Distillery  
Waconia, Minnesota  
Central/Mountain Region

I am a founding partner, distiller, and manager at J. Carver Distillery in Waconia, Minnesota. My team at J. Carver has been distilling a broad line of craft spirits for more than five years. My background includes working in the hospitality industry for the past 36 years. Before starting J. Carver Distillery, I held the unique position as Director of Liquor Operations for the City of Wayzata, which included managing both a municipal liquor store and a municipal bar and grill. During that time I completed my ISG Sommelier certification and became an instructor for the International Sommelier Guild. I enjoyed speaking with my students about the hospitality industry including the emerging changes to our industry and the craft spirits segment.

Now, as a six-year member of the ACSA and the craft spirits industry, I want to continue to educate consumers, promote and lead legislative efforts here at home and away, focusing on relationships with our legislators to create an environment for success in this ever-changing hospitality industry.

As the vice president of the Minnesota Distillers Guild, I have worn many hats over the past four years and produced the first annual Minnesota Spirits Fest with our events committee.

Over the past year, I have been honored to be ACSA State Guild Committee Co-Chair, working with you securing a hard fought, one-year extension of our reduced FET. I was grateful to have played a pivotal role in the organization, planning, development and execution of The Minnesota Toast, the preeminent convention social allowing ACSA convention participants to experience the innovation of Minnesota craft distillers at our 2019 convention in Minneapolis.





**Colin Keegan**  
**Santa Fe Spirits**  
**Santa Fe, New Mexico**  
**Central/Mountain Region**

We are 10 years old, and I have always been the 100% owner/founder, and act now as CEO.

I am a founding member of ACSA. I was a board member for the last three years, and Treasurer/Secretary for the last two years.

I founded the New Mexico Distillers guild in 2015 and was president for the first four years.

I am a founding member of the American Single Malt Whiskey Commission and a DISCUS Craft Advisory board member

I truly believe in ACSA and what it stands for. I do not see other members putting their names up for the Mountain states position, and believe we need representation. I'm happy to stand aside if there are better candidates for this region,

I'm in total support of the board, ED, and staff of ACSA. I have 10 years as a leader in the industry, am committed to craft distilling, and have a deep understanding of ACSA, from formation to present.



**Murphy Quint**  
**Cedar Ridge Distillery**  
**Swisher, Iowa**  
**Central/Mountain Region**

I entered this industry back in 2005, when I was just 16 years old. At that point in time, I was just a kid working after school and on the weekends, but it didn't take long for me to fall in love with the work, the people and this industry entirely. It quickly became obvious to me that this is the industry that I belong in.

Over the past 15 years, I've had the honor of working at two different craft distilleries: Cedar Ridge Distillery and Stranahan's Colorado Whiskey. I've made several lifelong friends and learned many important lessons along the way, most of which were learned the hard way. I believe I've reached the point where my knowledge, work ethic and skillset can be of value to our community. That's why I'm running for the ACSA Board of Directors in 2020.

To share some of my insight and vision with you, I believe the most important thing we can do as craft distillers is to differentiate our products and processes from the mass producers. Regardless of what type of spirit you're producing, you're not going to beat the big players at their own game; we have to think and operate differently. There are advantages to being David instead of Goliath: we can pivot faster, we can adjust to market trends quicker, and most importantly, we can succeed in smaller, developing categories that the big players cannot survive in.

On that note, I believe American single malt whiskey is the biggest opportunity the craft distilling industry has seen to date. The single malt category provides significant opportunity for differentiation through artistic ability, such as using different malts, finishing casks and distillation techniques. Furthermore, the American mass-producers are focused on bourbon and rye production, leaving this category wide open and limitless.

Differentiation goes hand-in-hand with education and communication. Differentiation only matters if it is effectively communicated to the proper audience. Thanks to social media platforms, it has never been easier to share your message with your targeted audience. In my opinion, this is one area where our community needs to grow. Many of us have a social media presence, but are we being strategic? Is our content relevant and of quality? Are we reaching our target market? I think we would all benefit from including more courses on this subject.

If elected to the Board of Directors, I will bring 15 years of industry experience to the table. I also just so happen to be in the age group that most of us are targeting, and I'm experienced with social media, branding and content creation. I would be an asset in bringing these skills to our community.



**Tanya Smith**  
**Driftless Glen Distillery**  
**Baraboo, Wisconsin**  
**Central/Mountain Region**

Driftless Glen Distillery was Incorporated in 2012 and broke ground in 2014. I started working with Driftless Glen in 2017, and then joined as the National Marketing Manager in 2018.

I look forward to being at future events and meetings. I have served on the Illinois Association of County Officials Board and have made many lasting connections throughout various states. I would love to be a part of the community at ACSA serving as a voice for the distilled spirits industry, contributing new ideas and supporting the team in its ongoing efforts to provide the best resources, information and access to distillers throughout the U.S.

I have over 15 years of marketing, branding and sales experience working throughout various industries. I have worked at Driftless Glen for over two years dedicatedly. I manage the marketing efforts and am very involved in the overall business development and growth of the distillery.

I am forward thinking and like to reach for new things. As the National Marketing Manager, I bring new ideas and approaches to creating brand awareness, website design and development, print design, email marketing, social media marketing, photography, videography, drone footage, print and digital advertising, google business listings and optimization, ad campaigns, promotions, and e-commerce platforms. I also manage partner and distributor relationships in support of the sales and marketing efforts. I attend tastings, trade shows, and have developed relationships with bourbon clubs throughout the U.S. I plan and market events and manage press and media efforts.

I have a business and marketing background and have served on several boards. I have a broad background that I feel will help me contribute significantly to the ACSA vision and mission. I would love to be on the ACSA Board and hope that you will vote for me.



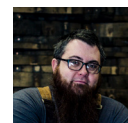
**Bob Gunter**  
**Kōloa Rum Co.**  
**Kalaheo, Hawaii**  
**Pacific Region**

I joined Kōloa Rum Co. in 2008 as Chief Operations Officer and was promoted to President & CEO in May 2010.

In addition to ACSA, I have involvement with our state guild, ADI and DISCUS.

I admire and respect ACSA's leadership and wish to contribute to their ongoing efforts to inform, unify and strengthen the American craft spirits industry.

I have more than 16 years of progressively responsible experience in the distilled spirits industry, including conceptualization, design, buildout, permitting and startup of small distilled spirits plants. I am currently responsible for all aspects of Kōloa Rum Co.'s operations, including strategic planning, product formulation & development, production, domestic & international distribution, compliance, sales, marketing and social media and administration. This, along with my prior business experience in the agricultural, manufacturing and electric utility industries, gives me a broad and diverse perspective that may be of benefit to ACSA and its membership.



**Jake Holshue**  
**Rogue Ales & Spirits**  
**Newport, Oregon**  
**Pacific Region**

I have been serving on the Board of Directors for the past three years, serving as one of the Co-Chairs of the Education Committee, and before that I was a volunteer on the Education Committee. I helped found the Maryland Distillers Guild, and have worked and consulted in this industry for almost 10 years.

I want to run again because we have much more work to be done. Myself and my fellow Board members, both past and present, have set us up as an organization to be the leaders in our industry. No other organization with ties to craft distilling can make such a claim—NOT ADI, NOT DISCUS. Our FET struggles have been solved for another year, but the fight is not over yet. Our organization is ready, even in this election year, to tackle what seems like an insurmountable task once again.

It is in our DNA as ACSA to not only advocate for our industry, but also to elevate us—because rising tides raise all ships. I believe the next step in ACSA's development is to push for consumer-facing events. Get our brands, our message of craft spirits proliferation, our ethics, and our members in front of consumers and potential distributors. When we do this, we further cement ourselves as THE only nonprofit trade organization representing the very best our industry has to offer not only to our members, but our potential customers as well as potential business partners. This is how we will provide value to our members, as well as our industry. ■







# Let's Be Direct

COVID-19 pushes the direct-to-consumer debate front and center.

BY JEFF CIOLETTI

When the requisite year-in-review features start flooding the pages and the airwaves at the end of 2020, the term that's likely to appear most alongside any mention of distilled spirits is going to be "hand sanitizer." And that wouldn't be unfair. The way that a vast swath of the craft distilling industry was able to—instantaneously, not to mention almost simultaneously—pivot away from a core mission and business model to producing topical disinfectants for the greater good was a feat to behold and worthy of all of the media attention (this publication included) it's garnered.

But as much as the sanitizer story has dominated the spirits-related conversation for an already-sizeable chunk of 2020, the

pandemic has highlighted an even greater opportunity for craft spirits producers, one that will have a much more significant impact on their long-term survival and success. Regulatory relief for distillers has come in many forms during the COVID-19 crisis, but among the most consequential of those has been the short-term allowance, in many U.S. states, for direct-to-consumer (DtC) shipping. It's a logical move, as it minimizes person-to-person contact and, therefore, lowers the risk of coronavirus transmission. Consumers wouldn't have to visit their local distillery's tasting room to purchase a bottle if they're wary about going out. Additionally, those who live outside a distillery's immediate region—but in the same state—aren't going to be taking many road trips any time soon. And, since

their local retailer or ABC store is unlikely to carry the products of the distillery that's a couple of hours away—not beyond a single flagship, anyway—they'd really have no other way to get their hands on a bottle or two and support the producer.

It's also a matter of fairness. Wine consumers in states across the country have enjoyed the ability to have winery products shipped directly to them for quite some time. Such a privilege has been elusive for spirits consumers, which is why securing DtC for small distillers has been a major government affairs objective for ACSA since the Association's inception.

Recently ACSA called on all governors and state regulators to provide regulatory relief, allowing for electronic contactless sales and fulfillment through third-party carriers. ACSA

“For us, it is a much-needed avenue for sales that has helped give back a bit after shutting down our tasting room due to COVID-19.”

—Molly Troupe of Freeland Spirits





The online store fulfillment area at New Liberty Distillery in Philadelphia

has proposed the following guidelines:

- A consumer should not be required to be present at a distillery's manufacturing site to purchase products.
- A recipient must be of and provide proof of legal age.
- Fulfillment should be made through a provider that has policies and procedures in place for the legal delivery of alcoholic beverages.
- Any local or state limitations on the maximum amount of sales per transaction and/or per time period must be adhered to.

"Focusing on [DtC] really is the greatest potential for growth for the industry by far," says Dan Farber, founder of Osocalis Distillery in Soquel, California—one of the states whose governors issued executive orders enabling consumers to order spirits online to be fulfilled by distilleries via third-party carriers. "For any small business the size of a craft distiller, basically all of their sales are going to be direct-to-consumer."

There are few, if any, other industries, Farber notes, that immediately moved away from producing their core products and toward manufacturing something that was never in their business plan, but was very much in the public interest during a massive health crisis.

"Almost every craft distiller is producing hand sanitizer and either giving it away or [selling it] at below-market prices," says Farber, who is also chair of ACSA's DtC Committee. "These are below-economy-of-scale businesses that have stepped up in a national pandemic and they find themselves now cut off from their only methods of sales of their core products—through their tasting rooms or bars and restaurants in those states that allow that with a craft spirits license. We want them to be able to come back on line to pay their excise taxes and their sales taxes, but we really don't want them to be the point sources for the spread of this virus. And direct-to-consumer sales is the single best

way to do both of those things."

Even as states reopen in stages, it's not likely that tasting rooms and on-premise establishments will be anywhere near full capacity anytime soon. And that means it will be a while before craft spirits producers' on-site and on-premise sales recover to pre-pandemic levels.

"You're saying, 'For the time being, you're not going to be able to get back up to where you were because we're just not going to let that amount of traffic flow through your place of business,'" Farber explains. "But, with direct-to-consumer, there's an electronic transaction, nobody has to come into contact. A distillery can have their employees socially distanced, in a well-structured work environment, putting together packages, pallets that are already picked up by one common carrier, who's already on a route. ... It just makes perfect sense right now as the best, safest, most intelligent method to bring these businesses back up and functioning in a completely safe way."



Virginia—a control state—was also among the early states to temporarily lift restrictions against DtC shipping within its borders, and distillers there report that the move has provided a much-needed boost. In the previous issue of *Craft Spirits*, we noted that Catoctin Creek Distilling Co. in Purcellville had experienced a sizable uptick right out of the gate. Founder and chief distiller Becky Harris said that in three days of online sales and DtC shipping, Catoctin Creek sold as much as they would on 10 busy Saturdays.

"It has been a phenomenal lifeline for our industry right now," says Amy Ciarametaro, executive director of the Virginia Distillers Association (VDA). "Over 80% of all Virginia spirits SKUs are sold at our distillery store tasting rooms and when the executive order came out mandating closure of all distillery stores in the state, it had a negative impact as far as market access for our constituency. The [Virginia] ABC has been a champion for our industry and an avid supporter of our industry and has gone above and beyond, partnering with VDA to enact the emergency privilege."

In April, the Oregon Liquor Control Commission made a similar move and began

allowing distilleries to take orders via phone and online and ship directly to consumers statewide as the pandemic raged on. And, so far, Oregonian spirits producers have been reporting robust DtC sales. "With the weather heating up, consumers are very interested in our canned cocktails and are also trying our whiskeys and new vodka and gin," says Rogue Ales and Spirits president Dharma Tamm.

Rogue works with a third party to help manage the online system and then it fills and delivers all orders from its Newport and Portland facilities, with no minimums and free local delivery in the greater Portland area and Newport.

Molly Troupe, master distiller at Freeland Spirits in Portland, also reports a positive trend for online sales.

"Orders have been increasing on a weekly basis," Troupe says. "For us, it is a much-needed avenue for sales that has helped give back a bit after shutting down our tasting room due to COVID-19. We hope that in-state online shipping continues to be allowed past when quarantine parameters are lifted."

Any arguments against DtC shipping tend to hinge on the safety issue. Opponents to

direct shipping often posit that beverage alcohol could get into the hands of underage drinkers more easily if their parents aren't home to sign for them. But, Farber points out, that argument falls apart when you consider the sophistication of today's shipping services. Third-party carriers have policies and procedures in place to ensure the safe and legal delivery of beverage alcohol, he says.

"I can think of no other sales transaction in the alcohol industry where we have perfect transparency and perfect documentation of every sale that is made," Farber adds. "If you're worried that an underage person gets a bottle of booze in their hand, this is the best way of ensuring [that doesn't happen] because we have all the records. [Carriers] can document every shipment, they have tracking numbers, they have IDs. They've done it successfully with wine."

Texas is one of those states that allow wineries to ship to consumers within its borders, but it doesn't offer the same privilege to distilleries. And the Texas Whiskey Association (TXWA) is fighting hard to change that, especially given the precedents set by places like Virginia, California, Oregon



and Washington. TXWA has launched the #StillStrongTX campaign to rally support for DtC, age-verified shipping, in-county delivery and increased bottle sales limits—currently a distillery can only sell 1.5 liters to an individual per month—during a time when Texas spirits producers are experiencing revenue losses of 60% to 80%.

“We have sent, basically, 8,900 letters to Texas legislators and the governor’s received almost 3,500 of those directly and that’s just in one week,” says Spencer Whelan, executive director of TXWA and CEO of the Texas Whiskey Trail. “And I think it’s notable to say that we’re not asking for anything that isn’t allowed in other sectors of Texas alcohol.”

The Texas Whiskey Trail gathers data on consumer visits to distilleries via check-in kiosks (where visitors can earn points) at participating sites. From that data, TXWA is able to get a good sense of what consumer habits will be, even after the state (eventually) completely reopens.

“The data shows the tourism activity from the most ardent whiskey fans and they stopped going to distilleries weeks before governors started to shut down,” Whelan observes. Opening up again, he says, doesn’t

translate to getting back to normal—if “normal” even exists at this point. “We don’t think [tasting rooms reopening] is going to have a sizable impact on the overall loss in sales,” he says. “Data shows that tourism activity is going to drop off so significantly this year, that it’s important that we allow the revenue to enter into the distillery for [the distillery’s] own products, from the people who would normally travel to get their products.”

How long revenue from DtC sales can continue to enter the distillery—in the states that allow or plan to temporarily permit such activity—is another question entirely. State governments have demonstrated that they’re willing to be flexible under extreme circumstances. Permanent implementation of such regulatory relief beyond COVID-19 times will require much more work on the part of the craft spirits industry. (For more on the challenges that lie ahead, read attorney Art DeCelle’s guest column, immediately following this article).

But, if there’s anything positive that can come out of a pandemic, it’s that it has allowed for a trial run of sorts, a glimpse at what longer-term DtC would look like in states that were previously averse to the concept

entirely. If distillers in states that now permit it continue to execute DtC shipping in the same safe and orderly fashion that they have thus far, they can provide powerful case studies on which regulators, legislators and governors can base future decisions.

The biggest pushback that spirits producers are likely to face, however, will be based on perceived threats to the three-tier system. ACSA argues that such threats are unfounded—particularly those that pertain to the role of distributors. The Association points out that DtC serves as an on-ramp to distribution. The rapid growth in the number of craft spirits producers from fewer than 50 to more than 2,000 in the past decade already has put stress on the distribution system, as wholesalers can only carry so many SKUs. Most craft distilleries are small, producing fewer than 500 cases a year—too small, in most cases to secure a distribution deal early in their existence.

“Look at what the typical [distributor] sales rep has to do to pay their bills, with the commission for the sales they make,” Farber says. “They have sales every minute of every hour of every day to bring home what they need to survive, and these little brands, for the most part, can’t fulfill that. Small craft brands often



Dan Farber of Osocalis Distillery

“It just makes perfect sense right now as the best, safest, most intelligent method to bring these businesses back up and functioning in a completely safe way.”

—Dan Farber of Osocalis Distillery



don't work for a wholesaler's business model."

DtC helps fill that void for craft producers. It helps distillers build their brands by connecting with consumers who aren't able to get to the distillery on a regular basis. "It enables them ... to build that consumer base to the point where wholesalers can make money on it," Farber continues.

Craft spirits producers that ship DtC wouldn't exactly be undercutting the business of distributors, as distributors are logistics experts with economics on their side.

"Wholesalers have economies of scale, real economies of scale, and if you have a brand that's far away and the consumer's far away, shipping that bottle to that consumer is the most expensive way for them to get it," Farber notes. "The reason they [order] it is that they really want it, they like the producer, heard about it from a friend, and they're willing to pay an extra premium to get it. If it was in the wholesale channel, they'd get it much cheaper. So it's a fallacy to say [DtC] sales competes with wholesaler sales."

The Wine and Spirits Wholesalers of America (WSWA), the trade group that represents the country's distributors, has embraced technology that facilitates local delivery—like Drizly, with which WSWA has had a partnership since 2015—but hasn't endorsed DtC shipping beyond local markets. One of the biggest limitations for such technology is its reach; Drizly currently is available in only about 15 states.

"WSWA and its members are dedicated to improving the alcohol marketplace and fostering technology that advances new consumer-centric capabilities and actively supports the expansion of local-delivery options from licensed, local retailers to consumers," says WSWA president and CEO Michelle Korsmo.

"Delivery is a proven solution that meets consumer demand for both ecommerce and quick, doorstep convenience while keeping businesses compliant with state alcohol regulations. Local, licensed retailers or their licensed third-party delivery partners can verify the consumer is of legal drinking age, ensure state and local taxes are collected and remitted where applicable, and strengthen their communities, which is now more important than ever."

Recently, WSWA reiterated its position that it is opposed to permitting direct shipping via the U.S. Postal Service

WSWA has, however, recognized the unprecedented nature of the pandemic and the impact that it's had on business and has been working with state governments on some ele-



The first day of online orders at Catocin Creek Distilling Co.

ments of regulatory relief.

"The COVID-19 pandemic has been devastating to brick and mortar businesses that rely on patrons to fill their shops, restaurants, bars and clubs," a WSWA spokesperson says. "Wholesalers have worked with state regulators to ensure the relaxation of regulations during this crisis is thoughtful, and allows for small businesses to engage consumers with delivery, pickup and ecommerce platforms as a responsible, safe way to meet consumer demand and sell products that benefit the entire industry during difficult times."

It would be understating things to call COVID-19 a game-changer—for better or for worse, but mostly for worse—in the global business community. The one silver lining is that it's helping shine a light on issues like DtC shipping and possibly opening a few sets of eyes that were previously closed.

"The old arguments [against DtC shipping] are not holding as much weight as they used to," Farber argues. "Even some of the people who were sitting around the table and they were sort of not on our side of our issue are hearing us a lot more than they were just a few months ago." ■



Packing an order for delivery at Freeland Spirits in Portland, Oregon

# Hurdles to DtC

Want permanent direct-to-consumer shipping? Prepare for many challenges ahead.

BY ART DECELLE

The post-Prohibition legal framework governing alcohol beverage sales in the United States creates immense challenges for direct-to-consumer (DtC) sales. The most significant obstacle is that economic regulation of the alcohol beverage industry, including the 21st Amendment to the Constitution, was intended to suppress alcohol sales and to ensure that sales were tightly regulated in each state.

Advocates of change must acknowledge that government policies designed to reduce the harms of alcohol abuse are extremely important. Those goals, however, are largely addressed by laws governing individual behavior, although some economic regulation is necessary.

Unlike most consumer products that freely move in commerce around the nation, each state is authorized to legislate its own restrictions on access to the retail market and alcohol beverage sales within its borders. Author Garrett Peck aptly described the regulatory system in the title of his 2009 book, “The Prohibition Hangover,” which is a great read for those interested in the history of alcohol policy.

Craft distillers live with that hangover every day, an oppressive system of economic restraints that has little to do with public safety and is clearly designed to favor existing businesses and prevent meaningful change. Anyone who disputes that statement need only look at a list of U.S. Supreme Court opinions dating back to the 1960s addressing challenges to discriminatory state alcohol beverage. In 2005, the Supreme Court overturned New York and Michigan laws that permitted in-state wineries to ship wine directly to consumers, but prohibited out-of-state wineries from making deliveries to consumers. In 2020, the Supreme Court overturned an archaic and discriminatory Tennessee residency law designed in part to prevent multistate retail-

ers from obtaining licenses.

Beneficiaries of the system fiercely defend it in courts and legislatures as a bulwark against the evils of “the saloon” and poisonous alcohol. They cite irresponsible sales practices that occurred more than a century ago at the height of the Industrial Revolution, as if those activities would be tolerated and unpunished in any community today. Seventeen states cite these justifications to maintain monopoly control over distilled spirits distribution and retail sales. “Control states” have evolved to become sophisticated competitors with retailers in neighboring states and essential state and local revenue sources.

Wading into the morass of state and local politics that regulate the alcohol beverage industry requires thorough preparation. The 21st Amendment is not going to be repealed. Direct shipments of spirits to consumers and any other changes in laws governing alcohol beverage sales must be accomplished at the state level. A solid strategy to change the economic and political order must begin with an assessment of craft distillers’ opportunities and economic well-being in each state.

## STRATEGY

Before plowing ahead to advocate a specific plan for DtC sales, craft distillers must make sure that no options under existing law provide viable online sales opportunities. For example, established retailers are authorized to make home deliveries, which are legal in most states. Distillers may be able to establish an online marketing presence and connect consumers with legal home delivery options, sometimes with same-day service. This approach requires careful attention to each state’s tied house and trade practices laws and regulations to avoid inadvertent violations.

Another preliminary step before investing the effort in legalizing DtC sales is to make sure it is actually a viable business opportu-

nity. Changes in law may take several years, so pick a reform that is most beneficial to development of the craft spirits sector in your state. For example, self-distribution privileges, on-site retail sales or other opportunities may provide greater economic benefits than competing as one of thousands of online sellers.

Enlist some business professors at your local university who enjoy craft spirits and do some serious analysis. Make sure that DtC sales are the best reform to promote growth and ensure sustainable craft distilleries.

If you conclude that DtC retail sales are a worthwhile legislative goal, you need a strategy based on “the four Ps”—public persuasion, policy and politics.

## PUBLIC PERSUASION

Craft distillers start with a solid foundation. They are fundamentally local businesses with a physical presence and employees in communities throughout most states. They know their neighbors and customers. They are likely to have personal relationships with their own state and local elected officials. These factors distinguish craft distillers from increasingly distant national and global manufacturers, distributors and retailers.

Just as each distillery has become part of the fabric of its neighborhoods, craft distillers as a group must become part of the political fabric of their respective state capitals. While campaign contributions are the “milk of politics,” creative efforts to engage state lawmakers can also be successful. Many craft distilleries are perfect locations to host community gatherings during campaign seasons, and most local events are bipartisan. Meetings of chambers of commerce, civic groups and other organizations provide year-round activities to invite elected officials, and to demonstrate community ties.

Assuming that at least some relationships exist between or among any group of distillers and their state representatives, the next step





## Craft distillers as a group must become part of the political fabric of their respective state capitals.

is to build effective policy arguments.

### **POLICY**

Enactment of state laws authorizing DtC spirits sales by licensed distillers recognizes reality. The current legal structure has been completely undermined by the advent of digital commerce. Any consumer can go online and order beer, wine and spirits from hundreds of locations outside his or her state of residence. Searchers are likely to be besieged for weeks by pop-up ads and emails from illicit online vendors, often offering prices that undercut legal businesses.

Direct shipments from licensed out-of-state wineries are legal in most states. Some states also authorize licensed retailers to sell and deliver beer and spirits ordered online from consumers within the state or within a county or city. Third-party service providers are available

to connect consumers and licensed retailers.

Unlicensed businesses (or businesses licensed in other states) have devised all manner of digital subterfuge to make illegal shipments to consumers and to evade detection by state regulators. For example, legal disclaimers and terms of service attempt to place the compliance burden on consumers, who rarely read fine print. These operations are often able to avoid state license fees, excise and sales taxes, placing legitimate industry members at a disadvantage.

A basic drawback of a 50-state regulatory system is that state ABCs and law enforcement agencies must invest enormous effort just to initiate an enforcement action against a single illegal online retailer. States often lack jurisdiction to investigate businesses in other states. Law enforcement agencies are often required to enter complex legal agreements to

obtain assistance from their counterparts in other states. Simply finding an illegal operation is difficult in the digital world. Officials are unlikely to devote limited resources to track down and attempt to prosecute one illegal vendor at a time. They have many other serious responsibilities.

A state law clearly authorizing direct spirits shipments by licensed distillers provides responsible industry members with a legal alternative to the chaos in the current marketplace. For example, the law should include requirements that the sender be clearly identified. The package should be clearly marked as an alcohol beverage requiring delivery to an adult over the age of 21 with proper identification.

One other critical policy element is discriminatory laws that attempt to benefit a state's craft distillers while keeping the state

closed to DtC sales from other states. The wine industry lost valuable time and access to markets during years of litigation over discriminatory laws. For example, Massachusetts established gallonage caps on production that were clearly designed to protect the local wine industry and to limit competition from wineries in other states. This issue is critical, because interstate direct shipping laws will only help craft distillers expand their sales opportunities if a significant number of states enact non discriminatory laws.

Most states already have similar licensing and delivery laws for direct shipments by wineries and for home deliveries by licensed in-state retailers. The license is the key to a state's ability to exercise jurisdiction over the distiller and accountability for excise and sales tax payments and proper delivery.

### POLITICS

While the point above about public persuasion builds a local base and a solid reputation for craft distillers, the legislative process in each state is a world unto itself. Those who show up at their state capital with an idea and a slingshot are soon overwhelmed by an army of associations, lobbyists and crony capitalists. They are also likely to be politely ignored by allies of the insiders in key legislative leadership positions. Effective legislative advocacy requires a combination of shoe leather, diplomacy, determination and knowledge of the intricacies of state government. A few high-level considerations on participation in legislative politics follow.

Several state craft distiller guilds, associations or ad hoc groups have already established a presence in their respective state capitals. They provide structure and combined resources. Association leaders, lobbyists and other professionals are familiar with the craft spirits industry as well as the unique personalities, schedule, process and tradition of a state legislature. As the representative of a statewide industry, associations can also form alliances with other independent business organizations on common issues.

If your state's industry has not been able to form an effective association, the fallback is to work with state affiliates of the National Association of Manufacturers, Chamber of Commerce and other groups.

Regardless of the way that state legislative advocacy is organized, each distiller must support the effort by leveraging local relationships. Legislators represent every distillery. Additional legislators may represent the residences of distillery owners and employees.

## A solid strategy to change the economic and political order must begin with an assessment of craft distillers' opportunities and economic well-being in each state.

Each of those elected officials has a vote and has established relationships with colleagues. They are almost certain to meet with owners and employees of local businesses in their local offices or at a distillery. Across any state, a few legislators who represent craft distillers or their employees are likely to be on committees with jurisdiction over alcohol beverage laws. They will be key sources of institutional knowledge of the players and the forces that shape state alcohol beverage policy.

Plan all interactions with legislators in advance. Each distiller is a licensed local business with a brick and mortar presence. Distillers and their employees should never be afraid to advocate for responsible growth and success. Be prepared with facts and figures on employment, taxes and local benefits created by your business and the economic contributions of the statewide industry.

Craft distillers are relatively new to the party, and must always be mindful of the need for industry unity on a range of issues, such as excise taxes and unwarranted restrictions on alcohol beverage sales. Avoid disparaging other industry members or opponents on a given issue. Acknowledge that they have a different interest in the legislation, and that you are advocating an alternative business model.

Beyond the basic relationship building and requests for support, advocates must be prepared to testify in legislative hearings, and tell their story to legislators, some of whom may be armed with questions prepared by defenders of the status quo, public health experts and other sources.

Each state's legislative process is different. Some have active public debates. A few review legislation amending alcohol beverage laws annually or biennially. Other states' processes are highly centralized. A handful of senior lawmakers maintain tight control of every significant decision. In every instance, longstanding relationships exist between legislative leaders and industry lobbyists. Craft

distillers can count on the fact that some of their opponents in efforts to enact direct shipping legislation will have the cell phone numbers of key lawmakers.

Beyond the legislature, each state's governor must also approve legislation, and often the governor's office and the state alcohol beverage control agency are actively involved in the legislative process.

If decisions are made to move forward on direct shipping legislation at the state level, a model exists for successful advocacy. The wine industry spent more than 15 years advocating direct shipping across the nation with a very sophisticated strategy. Regional cooperation among wineries from different states and savvy lobbyists were engaged in key states. Simultaneously, industry members funded and participated in multiple court challenges to discriminatory laws with a challenge to New York and Michigan laws decided by the U.S. Supreme Court.

Technology has expanded consumer choice and promoted competition in virtually every other product category. Yet the alcohol beverage industry is largely cemented in a 1930s structure by layers of special-interest legislation enacted over nine decades. As craft distillers mature, they should weigh the pros and cons of direct shipping versus other options to improve access to market and other legislative goals. The decision to move forward cannot be taken lightly, and will require patience, cooperation and determination. ■



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# 2020 HONEY SPIRITS COMPETITION

Registration due by August 12  
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The National Honey Board is in search  
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# Head of the Class

Best in Class Honorees from the 2020 Judging of Craft Spirits

**I**n late March, ACSA announced the medalists of its Seventh Annual Judging of Craft Spirits, which were honored during a livestream awards ceremony. Medalists were hand-selected among a pool of nearly 500 entrants. Originally scheduled to take place during ACSA's annual Distillers Convention and Vendor Trade Show in Portland, Oregon, ACSA's Board of Directors unequivocally agreed that the ceremony should go on as scheduled, with a pivot to stream the show online.

Entries were submitted from 42 states across the country in seven main categories: Whiskey, Gin, Rum, Vodka & Grain Spirits, Brandy, Specialty Spirits, and Ready to Drink (RTD), a new category added this year. Back again for a second year, ACSA also awarded a series of Innovation Awards, which aim to

recognize remarkable spirits whose flavor profiles may stray from their category's signature notes. Innovation awards were given to Highside Distilling (Highside Distilling Gin), 1220 Artisan Spirits (Cucumber Hibiscus RTD), Tattersall Distilling (Bitter Orange Liqueur), Caledonia Spirits (Barr Hill Vodka) and Kings County Distillery (Peated Rye).

In addition to a Best of Show and the Best of Class distinctions, the judging panel awarded 23 Gold, 81 Silver, and 173 Bronze medals.

The 2020 Best in Class distinctions, the highest honor in each of the seven judging categories, were awarded to a mix of both established, award-winning distilleries and younger newcomers. These honorees will be presented with hand-carved barrelheads courtesy of Thousand Oaks Barrel Co, and all medal recipients will receive custom medals

generously provided by Apholos.

ACSA would like to thank its competition sponsors, which include Five x 5 Solutions, Glencairn and Top Shelf Logistics.

The spirits were evaluated by a panel of more than 30 expert spirits judges at Cardinal Spirits in Bloomington, Indiana, in late October of 2019. ACSA is grateful to Maggie Campbell (Privateer Rum), Colton Weinstein (Corsair Distillery), Jeff Wuslich (Cardinal Spirits) and all the volunteers who ensured a professionally run competition.

On the following pages, we take a closer look at the distilleries honored with Best of Class distinctions.

[CLICK HERE TO SEE A COMPLETE LIST OF ALL MEDALISTS.](#)





## BEST OF SHOW AND BEST IN BRANDY

**WILLIAMS PEAR BRANDY  
CHAINBRIDGE DISTILLERY  
OAKLAND PARK, FLORIDA**

ChainBridge Distillery was founded by distiller Bela Nahori and his family, who first discussed the idea of opening a distillery over Christmas dinner several years ago. The Hungarian-born Nahori was an accountant living in Ohio, but he comes from a long line of alcohol makers. On March 27, 2019, the family's Christmas wish came true when they opened ChainBridge. In an interview with ACSA soon after opening, Nahori said the Williams pear was his favorite fruit to distill. "We do not use any artificial flavors or sugars in our products. We try to capture the characteristics of the fruit through the fermentation and distillation process. We also mature our brandies in stainless steel tanks for a minimum of three months in order to accentuate the aromas and flavors."

The distillery also produces a basil-flavored vodka, ages rum, and has plans to make gin and whiskey.

## BEST OF GIN

**WIGHT VVITCH MIDWESTERN GIN  
THREE FLOYDS DISTILLING CO.  
MUNSTER, INDIANA**

Three Floyds Distilling Co. calls this juniper-forward offering a Midwestern-style gin. If that seems abnormal, that's the point. The longtime motto of Three Floyds Brewing Co. is "It's not normal." In a 2019 interview with ACSA, distiller Abby Titcomb, a former brewer for Three Floyds, shared how that motto extends to the company's distilling operations. "I think we hold ourselves to a standard," said Titcomb. "We've been a brewery for 23 years. It's kind of this cult following and I expect to continue that. I really want it to stand up to that par, but also I want everything to be incredible on its own. If you didn't know who Three Floyds was as a brewery, I want you to know who Three Floyds is as a distillery. I want to make some noise and shake things up. I want to show people new things and change their taste a little bit."



## BEST OF READY-TO-DRINK

**SALT FLATS KENTUCKY MULE**  
**SALT FLATS SPIRITS**  
**SALT LAKE CITY**

Salt Flats Kentucky Mule is one of five canned cocktails produced by Salt Flat Spirits, which also earned a bronze medal for its Sturgis Lemonade. The distillery calls its line of canned cocktails Bartender To Go. "In my professional experience owning and operating bars and restaurants for over 20 years, I listened to what customers wanted, a cocktail with High End taste and that is what we have achieved," says owner Steve Pruitt.



## BEST OF RUM

**THE FUNK**  
**PROOF AND WOOD VENTURES**

The Funk is a 100-proof rum that presents tropical and earthy flavors one expects in a traditional Jamaican pot still rum, and is also approachable on its own. "It made my quarantine days so much more exciting to learn that The Funk Rum earned a gold medal, and even better named the best in category for rum," says Proof and Wood Ventures founder Dave Schmier. "I always wanted one of those barrel heads. It's a great honor. I have to thank the great folks at the distillery in Jamaica and of course the team at Strong Spirits in Kentucky, who does the heavy lifting on everything that I bottle. While I've always dreamed of winning a best in category barrel head, I would have gladly traded it to have been with my friends and colleagues in Portland to celebrate."

## BEST OF SPECIALTY SPIRITS

**WIGLE SAFFRON AMARO**  
**PITTSBURGH DISTILLING COMPANY**  
**PITTSBURGH**

To make the 80-proof Saffron Amaro, Wigle distills a mash of regionally grown apples into apple brandy and infuses the spirit with a blend of 12 botanicals including saffron, orange peel and chamomile. This honey-, citrus- and floral-forward amaro is perfect sipped neat or in a cocktail like a classic Spritz or Negroni. "We are incredibly excited about the recognition for this spirit," says Michael Foglia, production manager for Wigle Whiskey. "The category of distilled spirits specialty is full of creative, interesting, delicious spirits and to win that award is a really big deal and we appreciate the recognition."







## BEST OF VODKA & GRAIN SPIRITS

**BOOT HILL DISTILLERY VODKA  
BOOT HILL DISTILLERY  
DODGE CITY, KANSAS**

This 80-proof vodka is 100% wheat and pot-distilled before being run through a custom column. In a video acceptance speech, members of the Boot Hill Distillery team shared their excitement for the best-in-class honor. "It wasn't long ago that our world completely changed, and our focus shifted to producing hand sanitizer to help Kansans fight COVID-19. In the midst of all this we nearly forgot we sent our spirits off to be judged by the American Craft Spirits Association. We are humbled that Boot Hill Distillery Vodka, made from hard red winter wheat grown on [our] family farm, took a gold medal and best in class. Receiving this award truly means the world to us, and reminds us to keep forging ahead to distill the best spirits in the world."

## BEST OF WHISKEY

**THE NOTCH NANTUCKET ISLAND  
SINGLE MALT WHISKY 12 YEARS  
TRIPLE EIGHT DISTILLERY  
NANTUCKET, MASSACHUSETTS**

Triple Eight Distillery started producing its line of Notch Single Malt Whisky in 2000. Each whisky is crafted from Maris Otter and aged in various types of barrels. Triple Eight co-founder Randy Hudson says this award is bittersweet. "We all are thrilled at Triple Eight," he says. "I might add that I'm maybe a little depressed. Thrilled because it's great to get the recognition; it's great for our team and their morale to keep us going forward through a difficult time. [It's] so depressing that we weren't there to enjoy it all together. It's something that we all look forward to every year. It's not easy but it is really important for all of us to stay positive, [and] keep looking ahead at what we can do."





# WHISKEY IN WAITING

Cedar Ridge Distillery is ready to pivot back to its core business.

BY JEFF CIOLETTI

Jeff Quint is hoping he's produced his last bottle of hand sanitizer.

"The hand sanitizer business has been a blessing for us, no question, but I can't wait to be done with it," says Quint, founder/owner of Cedar Ridge Distillery in Swisher, Iowa. "There's no passion at all. There's a gratefulness, but no passion."

In early-to-mid June—nearly three months since Cedar Ridge pivoted to sanitizer production—Quint expected to have enough sanitizer stock to make it through the rest of 2020.

"We're finally producing more than we're selling," Quint notes. "So all we have to do is sell [what we have], we don't have to make any more of it and we hope that coincides with us getting back into the retail, restaurant and bar segment."

By retail, he means not only the bottles of

whiskey Cedar Ridge sells in its shop, but the distillery's full on-site bar, restaurant and events center—which, in a non-pandemic year, hosts around 40 weddings, as well as other functions. Those had been shut down since COVID-19 hit in March. Fortunately, the distillery hasn't had to lay off any staff, as the retail and events personnel have been re-allocated to the sanitizer operation.

One bit of news that the sanitizer wind-down has coincided with is the release in late June of its reformulated American Single Malt Whiskey, rebranded as The QuintEssential. It's a signature blend, aged mostly in bourbon barrels then in casks that once held brandy, rum, port or sherry, and then married through the solera method.

In addition to boosting the proof from 80 to 92 and including some older whiskeys in the

blend, QuintEssential sports all-new packaging and a premium price point (up \$10 to \$59 at retail).

"There's a huge opportunity for [craft distilleries] to break through in single malt, instead of leaning on bourbon and rye," says Murphy Quint, operations director and Jeff's son.

QuintEssential is one of Cedar Ridge's three core spirits, the others being Iowa Bourbon Whiskey and Slipknot No. 9 Iowa Whiskey—as in Slipknot, the band, with whom the distillery has a partnership.

As far as rock star/band-branded spirits go, the Cedar Ridge/Slipknot combo may seem like an odd pairing, but it actually makes more sense than one might think. For starters, SlipKnot's founders are from Iowa.

"I think they started looking around the area and they realized how authentic we are,"



Jeff Quint





recalls Jeff, “the sort of authenticity they want with their own act. And they thought it was a great match.”

Quint wasn't initially sold on the match, however. In fact, he nearly dismissed the request out of hand—as is common with distilleries that field countless similar queries—when he received the first e-mail from the band's manager in 2018.

“Honestly, my finger was almost on the delete key because I get a lot of stuff like that,” he recalls. Instead, he forwarded it to Murphy and the rest of the management team.

“I said, ‘Hey, read below, we don't want anything to do with this right?’” Jeff reveals. “And four of them, within five minutes said, ‘Hmm, yeah, at least we should have a chat with this guy.’”

And two years later the 90-proof Slipknot No. 9 Iowa Whiskey, with a mash bill of 51% corn, 25% malted rye and 14% 2-row malted barley, is the second-best-selling product in Cedar Ridge's portfolio, behind Iowa Bourbon. With around 30 million fans worldwide and albums that reach the top of the Billboard charts, there's pretty much a built-in market for a Slipknot-branded whiskey.

“First, the band's on a roll,” Jeff says. “Secondly, the juice is fantastic, and third, the packaging seems to have hit the mark. Those are the three things that really set it off.”

It got an added boost when whiskey writer Fred Minnick named the spirit the number-one celebrity whiskey of 2019, beating out Metallica's Blackened American Whiskey and Bob Dylan's Heaven's Door.

Before the pandemic hit, Cedar Ridge expected to move about 11,000 cases (of 32,000 total cases of Cedar Ridge Spirits) of Slipknot No. 9 this year, but since COVID-19 is preventing the band from touring this year—concerts represent a significant percentage of sales—it may not hit that target this year.

A celebrity whiskey seems a bit of a departure for a distillery that traditionally has been more low-key on the marketing and promotion side of the business since its founding 15 years ago.

“Early on, we were not PR focused,” says Murphy. “But now that kind of plays to our advantage because throughout that entire time we were putting [away] a ton of whiskey—it was aging and we were building this beautiful inventory.”

The inventory—seven rickhouses full of it—is quite a formidable stock.

“And now we're just looping back to taking PR and marketing a little more seriously,” Murphy continues. “And we've got the ammo now to fill demand where we need it.”

Jeff calls it “a hell of an advantage.” For instance, the distillery expects to sell about

3,000 cases of QuintEssential this year, roughly 10% of its total spirits volume. “We could sell 25,000, we have that much,” Jeff reveals. “The rest is just going to get a year older. If you let it get a year older, it just gets that much better and it kind of starts to sell itself.”

(Incidentally, Cedar Ridge also expects to sell 8,000 cases of wine in 2020. It continues to operate a winery for the substantial property tax break that Iowa wineries enjoy).

In the time that Cedar Ridge has been able to grow its vast inventory, it simultaneously has built its brand to the point that its flagship Iowa Bourbon is now the third-best-selling bourbon in its home state, behind only Jim Beam and Maker's Mark.

“We're number three now and we're within striking distance,” Jeff says. “We'll go by Maker's this year for sure and we may even get ahead of Beam to be the number one bourbon in Iowa.”

In surrounding states, the bourbon is growing in the double digits.

“Now, we've got this regional brand and we're thinking it's going to be much more efficient to go deeper local, within a four-hour drive than it is to just shotgun everywhere,” Jeff notes. “Why go to Texas? You're just spending a ton of money and not getting anywhere. Just stay home and own it.” ■



**“THERE'S A HUGE OPPORTUNITY FOR [CRAFT DISTILLERIES] TO BREAK THROUGH IN SINGLE MALT, INSTEAD OF LEANING ON BOURBON AND RYE.”**

**MURPHY QUINT OF CEDAR RIDGE DISTILLERY**





# The Sound of Innovation

Creativity and Passion Fuel Craft Distillers in Seattle

BY BEN KEENE

Seattle's distilling revival started a decade ago with the sound of a single stone. It was small, and many in the Pacific Northwest probably didn't notice it at first. But when Steven Stone, an aerospace engineer at The Boeing Company, launched Sound Spirits in September 2010, he began a movement to bring back to the Emerald City an industry that had gone quiet some 70 years prior.

Northwest Distilleries Inc., which briefly made gin, whiskey and bourbon in a three-story Seattle facility during the late 1930s, was the first in the state to open after Prohibition, followed by Spokane's Dry Fly Distilling, a company whose founders successfully lobbied for the passage of a 2008 bill that eased licensing, paving the way for dozens of other small producers. One year after Sound Spirits appeared, there were nearly three dozen distilleries statewide. Between those holding a standard license and those classified as a craft distillery, that number has since climbed to over 130, although Stone's company is no

longer among them.

"The distilling industry attracted so many awesome people—dreamers one and all," says Kirby Kallas-Lewis, founder and head distiller at OOLA Distillery. "Sadly, many of them have closed and moved on. I think the main landscape change is that, in the city anyway, it is mostly now the larger distilleries [that] will go on to define the city's distilling industry in the future."

In spite of the disappearance of several pioneering producers, greater Seattle has emerged as a craft spirits destination and a center of innovation. From tiny, tucked-away Letterpress Distilling, which focuses on Italian-style spirits in the shadow of T-Mobile Park, to experimental OOLA in Capitol Hill with its unusual finishing casks, the steam-punk-themed, rye whiskey specialist Fremont Mischief Distillery, and to the north, Scratch Distillery's creative vodka infusions, there is ample personality and variety across the metro area. And although its headquarters are in Gig Harbor, Heritage Distilling Co.,

maker of BSB Brown Sugar Bourbon, has two storefronts in Seattle.

Proximity to high-quality grains, fruits and botanicals certainly doesn't hurt, and many local liquor makers instill their distillations with regional character. For example, of the eight founding members in the relatively new American Single Malt Whiskey Commission, two—Westland Distillery and Copperworks Distilling Co.—are Seattle-based.

Westland, co-founded in 2010 by master distiller Matt Hoffman, has arguably brought the most attention to Seattle's young scene. Its first whiskey appeared three years later, although people really took notice after Westland won several prestigious awards. Accolades aside, since the release of its flagship, a spirit built from a five-malt barley bill and aged for 36 months in heavily charred, new American oak barrels, American single malt has been its lodestar. The critical and commercial success of the brand persuaded many to think differently about single malt, and it put the Pacific Northwest on the radar—with



## In spite of the disappearance of several pioneering producers, greater Seattle has emerged as a craft spirits destination and a center of innovation.

Westland smack dab in the middle. Late in 2016, Rémy Cointreau swooped in to acquire the business.

Importantly, Westland's sale to a multi-national spirits group didn't weaken the single malt movement. Instead it gave proponents momentum. "That is the future, and to get there we need more people involved," says Copperworks co-founder and president Jason Parker. "We were not going to compete with bourbon. If we can move toward high quality ecosystems and protect the grain shed, we're creating terroir with whiskey."

As Seattle's distilling community has matured, so has its commitment to the terroir of the Pacific Northwest. North of the city, all of Woodinville Whiskey Co.'s grain is grown by a single farm in central Washington. Copperworks is striving to reach the point where 90 percent of its malt comes from small farmers. OOLA uses organic white winter wheat from Washington in its flagship bourbon. Woodinville-based broVo Spirits forages Douglas fir buds from the state's third highest peak for its namesake liqueur. Sun Liquor Distillery sources the fresh botanicals for its Juniper 8 Gin from the Northwest. And 3 Howls Distillery takes a cue from its brewing brethren by infusing its hopped whiskey with the fragrant green flowers that feature so prominently in Cascadia's India pale ales.

"We focus on making bourbon entirely grain-to-glass," says Nathan Kaiser, the founder of 2bar Spirits in SoDo. "Most bourbons on the market now are sourced from big producers. We've always made every drop ourselves by milling, mashing, fermenting, distilling, aging and bottling everything ourselves."

Exactly what that future looks like however,



Kirby Kallas-Lewis of OOLA Distillery





## WASHINGTON DISTILLERIES

A brief glance at some notable distilleries in the Evergreen State.

Founded in 2013 in the heart of Seattle's SoDo neighborhood, **3 Howls Distillery** offers an award-winning lineup of Northwest-inspired spirits. ... On Bainbridge Island, **Bainbridge Organic Distillers** was the state's first distillery producing USDA Certified Organic spirits. The distillery produces several whiskeys, vodka and gin. ... Woodinville-based **broVo Spirits** is a collaborative, experimental distillery that makes hand-crafted liqueurs, amaro and vermouth. ... Located on the waterfront in downtown Seattle, **Copperworks Distilling Co.** produces small-batch American single malt whiskey, a series of gins and vodka, all from malted barley. ... Based in Spokane, **Dry Fly Distilling** was founded by Don Poffenroth out of a passion for fly fishing and the Pacific Northwest. ... **The Hardware Distillery Co.** of Hoodsport uses grains that are grown in Washington state fields, fruit grown in Washington orchards, and honey from Washington beehives. ... **Heritage Distilling Co.** makes vodkas, gins and whiskeys and is proud to operate distillery tasting rooms in Washington and Oregon, including Gig Harbor, Roslyn and Seattle (within the Ballard & Capitol Hill neighborhoods) in Washington and Eugene in Oregon. ... Founded in January of 2010, **OOLA Distillery** was one of the first distilleries to open in Seattle post-Prohibition. ... Based in Tenino, **Sandstone Distillery** crafts vodka, gin and a bacon-infused whiskey. ... **Scratch Distillery** opened in Edmonds in 2015 and produces gin, vodka, whiskey, aquavit and liqueurs. ... **Skunk Brothers Spirits** of Stevenson makes Moonshine Corn Whiskey, Apple Pie Brandy and Cinnamon Corn Whiskey. ... Starting with Washington-grown fruit and grains, **Solar Spirits** of Richland mashes, ferments, and distills using 100% renewable energy.



Heritage Distilling Co.







Copperworks Distilling Co.

is still something of an open question, particularly in the wake of the COVID-19 pandemic. When the magnitude of the infectious disease became apparent, Washington's distillers sprang into action, pivoting to making hand sanitizer. In all, more than 60 distillers from Seattle and beyond joined the effort, partnering with wineries and breweries to distill expired wine and beer and coordinating distribution with the Washington State Hospital Association. But even as they raced to aid their communities, restaurants and bars were furloughing staff, selling off their backbar inventory, and in some cases, closing altogether. Add lost sales to the fact that Washington already lags behind the national average for the percentage of liquor made and sold in the state, and the road ahead looks daunting.

"Our goal is to convert the community appreciation of our effort in the COVID crisis into long-term commitment to our products," says Mhairi Voelsgen, founder and CEO of broVo Spirits and president of the state distillers guild. "Part of this effort is helping consumers identify Washington-made products. I see a lot more interest in local spirits moving forward."

Beyond the challenges wrought by an international health crisis, Seattle's young craft distillery scene has also faced the reality of operating in a city that has rapidly grown over a short time period. Ten years ago for example, Stone was able to acquire a production space in Interbay, a neighborhood long defined by light industry, a freight railway yard and a commercial fishing marina. That has changed in one of America's fastest growing urban areas. Today, with real estate in high demand, expenses have increased even as the customer base has expanded. It's a situation that tests small producers.

"The competition is fierce!" says Will Maschmeier, founder and head distiller at 3 Howls. "Rent, wages and taxes in Seattle are also some of the highest in the country. Lastly, we have to compete with big labels that enjoy [an] economy of scale and are manufactured in regions of the country (and the world) that enjoy much lower costs of doing business."

Distillers have also been challenged by the limitations placed on their tasting rooms. While lawmakers relaxed rules for wineries and breweries, distilleries have only been able to offer visitors 2 ounces of their own liquor per person per day. And they weren't permitted to open satellite tasting rooms elsewhere in Washington. A new senate bill that takes effect in June changes that, allowing distilleries to sell any spirit, vermouth, or sparkling wine made in the state along with cocktails—something that producers in 13 other states already enjoy. It also gives companies like OOLA the chance to operate up to two additional tasting rooms without the need to include a copper still and fermentation tanks on site.

"Seattle's distilling scene future so depends on getting support from our elected officials," says Kallas-Lewis. "If we could achieve parity with beer and wine sometime very soon we have a chance. We need [to relax] some of the rules in place that are such a barrier to the health of the industry."

Communicating a sense of place, continuing to innovate, and achieving a level playing field with wine and beer, these are the goals shared by Seattle's craft distillers. They've made progress over the past decade, but work remains to be done. And according to Parker of Copperworks, that might require an entirely new way of thinking.

"Forever distilleries have measured their success by yield," he says. "We don't measure it. We're not making a consistent product, we're making our best product. My goal is to educate the hell out of everybody." ■



Author of *The Great Northeast Brewery Tour* and the former *BeerAdvocate* editorial director, Ben Keene covers beer, cider, and spirits for a variety of publications. He lives in Seattle.



2Bar Spirits founder Nathan Kaiser and head distiller Maddie Kelly



# EQUITY CROWDFUNDING DURING A PANDEMIC

The co-owners of Copperworks Distilling Co. offer advice on raising equity via Wefunder.

BY JON PAGE

The owners of Copperworks Distilling Co. never intended to launch an equity crowdfunding campaign amidst a historic economic setback. Had all gone as planned, the Seattle-based distillery would have started raising funds to increase whiskey production late in the summer of 2019. But by the time Copperworks—which opened in 2013—cleared all

of the legal and preparatory hurdles in order to begin the campaign in early March, the COVID-19 pandemic was beginning to sweep across the country.

“Right while we were launching, the world was falling apart,” says Jason Parker, who co-founded Copperworks with Micah Nutt. “The stock was losing 30%. The businesses

that we all rely on were closing. We were really prepared for the entire thing to fail, for it to just simply never even make our minimum.”

And yet, the investments continued to roll in as Parker was working 16-hour days overseeing the production of hand sanitizer. Although the distillery fell short of its ultimate goal of raising more than \$1 million, it secured \$776,981 during what Parker called “the worst possible time to invest.”

Co-owner and vice president Jeff Kanof, who was recently elected Secretary/Treasurer of ACSA, described the process as a roller coaster of ups and downs. And although he is aware that Copperworks likely lost some potential investors due to concerns about the pandemic, the distillery may have gained investors who wanted to support small businesses in their own community. “In some ways we probably benefited a bit,” says Kanof. “They said, ‘We love Copperworks. We actually still have a job, so let’s put some money in that company because we want to see them not just survive through it, but thrive through it.’ So instead of buying another share of Apple, they said, ‘Let’s buy some shares in Copperworks.’”

Instead, those investors chose to help Copperworks increase whiskey production, acquire additional equipment and warehouse space rental, and invest in additional sales support. And since the distillery chose to use the crowdfunding service Wefunder, they bought equity in the company. The service describes itself as “Kickstarter for investing.” But unlike Kickstarter, investors on Wefunder





**“Right while we were launching [the campaign], the world was falling apart.”**

**—Jason Parker of Copperworks Distilling Co.**



Copperworks co-founder Jason Parker

are not buying a product or donating to an artist—they are indeed investing in a business with the hope of earning a return. As Wefunder is relatively new (Regulation Crowdfunding became legal in 2016), Parker and Kanof recently shared several tips and lessons learned from their experience.

First is to understand the financial risk and legwork it will take to start. Parker says Copperworks spent \$25,000 in accounting and legal reviews to prepare for the campaign. “And I think that’s a minimum spend,” he says. “It would be easy to spend \$50,000 on this. ... The financial review is an expensive lift. It’s also a lift that any serious company should be ready and wanting to do to make sure their books are all in order, and that everything that’s reviewed from a third party is actually real, usable information.”

Distilleries should also consider that Wefunder requires them to set a minimum amount of funds to raise. Copperworks set its minimum at \$250,000. “I didn’t want to do

this and then [only] have \$40,000 in investments,” says Parker. “That’s too much work to bring this on to start with only a little bit.”

As for communications, Parkers suggests overplanning for investor relations. Copperworks closed its campaign with 413 investors, which the distillery considers brand ambassadors. “We are in fact giving up part ownership, and in doing so we believe that the reason people bought in is because they already love our brand,” says Parker. “If we can give them the tools, the education and the passion to continue to grow that in their local markets and wherever they’re from, that’s going to give us an opportunity to grow there, too.”

One example of how Copperworks will foster that passion is via online tastings in which investors can offer sensory analysis which will feed into a database helping the distillery steer the direction of future products.

Parker also recommends creating an exceptional video for the campaign. Although Wefunder suggests that a video produced

with a cell phone is adequate for a startup, Copperworks opted for a professional production. Parker also suggests offering perks that aren’t already available for purchase. “We didn’t give hats and t-shirts and glassware,” he says. “We gave things that were experiences that were reserved for the investors. So yes, anyone can come in and buy a tasting but not anyone can come in and say, ‘I’m an investor,’ and their tasting is free. Not anybody can come in and help us select a barrel or join in on our tasting programs.”

Ultimately, Kanof’s overall advice for a crowdfunding campaign is to remain honest.

“Transparency is such a big part of what we do and I think in this time, more than ever, that’s so important,” he says. “If you’re struggling and you need the money to get you through this time, say that. People are going to like that honesty. If you have a good reason to believe you’re going to come out on the other side stronger, they’re going to invest with you.” ■





# ADAPTING TO THE NEW NORMAL

Distilleries should focus on the fundamentals of running a successful operation.

BY JEFF CLARK

As craft spirits producers traverse both a global pandemic and a financial crisis, the economic landscape continues to evolve. Even pre-coronavirus there was an industry shake-out evolving, leading to increased competition and tightening credit standards. Despite that, American consumption of alcohol was the highest per legal drinking age since Repeal prior to COVID-19 taking place, according to an article published by The Associated Press. Based on the increase in alcohol sales, it is presumed consumption has increased more since shelter in place, according to Nielsen figures. As distillery owners consider their financial wellbeing and evaluate operational needs moving forward, they will need to assemble their toolkit for survival. Whether a business has been completely shuttered,

partially open or even fully operational, most small businesses have seen revenue cuts.

From a lender's view, it's going to be crucial for you to strategize what the next six, 12 and 18 months may look like for your business. Assessing your resources and optimizing your business model will be key for navigating this new world we're all living in. Some businesses may have successfully received a Paycheck Protection Program (PPP) loan, meaning you have payroll covered for eight weeks and a six-month deferral on your loan. Other businesses may be bootstrapping and finding creative solutions to stay afloat. Whatever the case may be for your distillery, we encourage you to take some time to evaluate the overall health of your business, seek small business guidance from trusted partners and constant-

ly pursue efficiency.

Remember the early days of launching your business? Reflect on those important lessons learned and see if you can implement some "back to the basics" ideas. Now is the time to focus on the fundamentals of running a successful operation, including understanding your financial statements and budgets.

Cash flow management is more important now than ever. Once you have a solid understanding of your cash position, you can make decisions based on maintaining that position. Take necessary steps to cut back on outgoing cash flow, including cutting non-essential expenses and streamlining workflows. Evaluate your cash flow requirements, while thinking through various potential scenarios (both short-term and long-term) and have an



action plan for each of those scenarios. You may want to consider updating your business plan accordingly, including a contingency plan to minimize overall disruption to your business. General small business guidance suggests setting incremental goals (possibly in six, 12 and 18 months as suggested above) and trying to prioritize jobs and expenses that will help you make it to the other side of this crisis.

Remaining nimble for the foreseeable future should be a priority. We've seen how quickly things can change, so do not get complacent. As the new normal continues to play out, consumer behavior will continue to change. Adapt now to your customers' needs but be prepared to adapt again. What are your on-premise plans versus direct-to-consumer or retail store? Now is a prime time to reassess your business model.

While it is important to understand the various loan options right now, it's also crucial to realize that banks will be posing questions with a different lens. Adequately preparing to approach a lender is extremely important. Borrowers can prepare for these conversations by earnestly considering how the virus has affected their current business model,

## As the new normal continues to play out, consumer behavior will continue to change. Adapt now to your customers' needs but be prepared to adapt again.

and how they can pivot to stay successful moving forward.

There are many loan programs available to assist you during this challenging time. Traditional SBA loans are still available to those who qualify and could be an ideal solution for many small businesses. The SBA will be paying principal and interest on all new loans originated and fully funded by September 25, 2020, for the first six months. Other programs including SBA Economic Injury Disaster Loans, USDA B&I Cares Act Program and the Main Street Lending Programs also offer potential value. PPP and Economic Injury Disaster Loan can be forgiven if certain guidelines are met.

Returning to a pre-coronavirus climate will take time and require small business guidance from partners and experts. The safety


and health of your employees and customers should remain your top priority. We remain optimistic about the future of craft spirits producers in this country. We find strength and hope in the resiliency of small business owners and together we'll find our way to a new normal. ■



*Jeff Clark specializes in beverage alcohol business financing at Live Oak Bank's Wine & Craft Beverage Group.*


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# SANITIZER: A NEW STANDARD OF IDENTITY FOR THE POST-COVID AGE

Exploring the Current and Future Challenges of Producing Hand Sanitizer

BY MARK SHILLING

*(m) Class 13; sanitizer. "Sanitizers" are hand rub sanitizers produced from ethanol distilled at more than 96 and no less than 94.9 and bottled at not less than 80. Ethanol based sanitizer is treated after processing as to be without distinctive character, aroma, taste or color.*

Sometime in early March, exactly when or by whom is not entirely certain, a few distilleries recognized they were in a unique position to make hand sanitizer and distribute it in their local communities. The supply was low, demand was high and distillers with otherwise idle tasting rooms and still houses were poised to step in and take charge. Within days, the Alcohol and Tobacco Tax and Trade Bureau (TTB) waived requirements, allowing DSPs to denature alcohol without need of permit amendments and to bypass the

formula requirements for denaturants specifically allowed through the combination of Food and Drug Administration (FDA) rules and the World Health Organization (WHO) formula for "local production."

## The Current Standard

As of today, there are no fewer than eight or 10 documents published by three federal regulatory agencies and an assortment of other government organizations, all playing a part in the current "standard of identity" for hand sanitizer being made under the "Public Health Emergency (COVID-19)." So what is that standard? Distillers across the country are confused and annoyed—and rightly so—primarily for two reasons: TTB, FDA and the U.S. Department of Transportation (DOT) all

regulate different aspects of DSP-produced sanitizer and they haven't done a bang-up job of working together to communicate consistently and effectively with the regulated community, and perhaps even more frustrating have been the ever-changing rules. As an example, FDA over the course of one month released four separate temporary policy documents, constantly making minor adjustments and clarifications, and doing so in the most esoteric and convoluted language.

The American Craft Spirits Association responded quickly, forming a sanitizer working group to review, understand and then educate distillers on the proper forms and processes to ensure safety, efficacy and most importantly compliance.

According to the FDA, hand sanitizer is







Although there is not adequate space to cover all the details (and nuances) of all the standards, ACSA has an exhaustive suite of sanitizer and other COVID-19 resources available at [americancraftspirits.org/covid-19/](http://americancraftspirits.org/covid-19/).

classified as an over-the-counter (OTC) drug and as such, even under the temporary and emergency policies, certain standards must be met:

- Sanitizer must be made with a final concentration of 80% ethanol
- It must be denatured using an approved FDA denaturant
- It must not contain any additives outside the WHO formula ingredients of ethanol, glycerol, hydrogen peroxide and water
- The distillery must register with FDA and the product must be listed
- Registration and listing is required whether you are selling or giving away the product for free. Even if you are repackaging, but not making it, you must register with FDA.

Although it is not prohibited you should probably not use that \$2 dollar fuel ethanol that is being so unscrupulously dumped on unsuspecting distillers right now. Fuel ethanol must meet strict chemical analysis standards; have not been in contact with any gasoline plant additives (or equipment that has been); and must be redistilled to at least 94.9%.

These requirements are not meant to discourage distillers from production, but

rather to ensure the efficacy of the product and prevent exposure to irritants, allergens or other constituents with potentially harmful health impacts. For those producers who wish to include aloe vera, reduce the alcohol percentage, or make other changes to the formula, those are possible, just not under the temporary policies under which all “irregular” producers are currently operating. For any hand rub sanitizer product that is not made strictly in accordance with the current WHO formula under the FDA requirements, a separate application under the permanent rules must be filed.

#### The Future of Distilled Sanitizer

For distilleries contemplating sanitizer as a permanent addition to their business models, many questions remain. Common sense (and even a few governors) tell us that hand sanitizer will continue to see high levels of use, but it is impossible to guess what that really means for producers. ACSA continues to work with TTB and FDA to create a smooth transition from temporary to permanent for those wishing to maintain that business.

Many questions remain though it seems clear that DSPs operating without official dena-

turing approval will need a permit amendment from TTB and will eventually need to submit for formula approval. For FDA, the path remains unclear as to the specific requirements, but additional guidance is under consideration and we are told to expect it “around the time temporary guidance is lifted.”

For those wishing to continue down the sanitizer path in the post-COVID-19 world, there may be great opportunities in a newly expanded market, but one thing is clear. Adding additional legal, insurance and marketing costs will be a challenge, but probably not as challenging as inviting an entirely new agency and set of regulations into the FDA-approved portion of your facility. ■



Mark Shilling, managing principal of Shilling/Crafted, is chair of ACSA's Government Affairs Committee and a past ACSA President.



# LEARNING TO OPERATE IN A TO-GO SOCIETY

Tasting rooms and bars adapt to new restrictions and fewer customers as a result of COVID-19.

BY JOHN HOLL

Seemingly overnight the hospitality industry changed. It happened in different states on different days, but the result was uniform and potentially devastating. As restrictions related to COVID-19 began to roll out—first in the West, then the East Coast, with the rest of the country following shortly thereafter—restaurants and distilleries needed to decide how they would pivot their business and stay afloat in the uncharted waters of a pandemic.

Some decided that it was better to simply roll down the doors and wait until things passed and some kind of normalcy resumed. Others were determined to press on, and have found frustration and worry, but also faith in a strong local community and ways to survive they never imagined.

The United States has largely become a to-go culture when it comes to drinks and food, and while the long-term outlook of in-

person social distancing is unclear, the first few weeks of the pandemic brought out much of the creativity for which the hospitality industry has long been celebrated.

As restrictions came down in Texas, Alice's Restaurant at Treaty Oak Distilling in Dripping Springs closed for a day to regroup and to figure out what would come next for the business, said assistant general manager Ezra Monroy.

"It was a crazy day as we went a full 180 from dine-in to all take-out and delivery," he said. "We reformatted the kitchen, looked at our menus and came up with a plan. We transitioned some people from servers to delivery drivers within a five-mile radius."

Treaty Oak is located west of Austin, and like other businesses in the area, had started the year expecting the annual bump from the South by Southwest festival, as well as a group of dedicated drinkers coming into San Antonio for the Craft Brewers Conference.

"We're used to thousands of people coming by on a weekend," Monroy says. "A good day now is if we get a hundred orders."

In early May Treaty Oak reopened to the public in a limited capacity. Customers must bring and wear masks when ordering, and follow six-foot markers on the ground to maintain social distancing.

"If you arrive while we are at capacity, we encourage you to grab a drink from the Rickhouse Bar and enjoy the open spaces on property, adhering to the guidelines of social distancing. The unique park-like atmosphere allows us to serve the community while providing some much needed fresh air and vitamin D," a statement says on the website.

Whistling Andy Distillery's Gabe Spencer







**“We reformatted the kitchen, looked at our menus and came up with a plan. We transitioned some people from servers to delivery drivers within a five-mile radius.”**

**—Ezra Monroy of Treaty Oak Distilling**



But mostly the distillery is surviving by selling barbeque dinners that can feed multiple people and can last several days. It is offering meals with to-go cocktails that include a bottle of spirits (the mixers are packaged in 32-ounce crowlers regularly used by the brewery). On Easter, Treaty Oak prepared 80 family-sized meals that included a bottle of wine and desserts. Once a week it delivers meals to local healthcare workers.

Perhaps Treaty Oak has found the most success by selling groceries. As items like produce, eggs and flour have become scarce

in public supermarkets, customers are turning to alternative sources. Treaty Oak and others have been taking their bulk stores and re-packing them into smaller quantities and selling essential food items that are available for curb-side pickup.

“It’s brought new people to us for the first time, and we hope they’ll return again once we’re re-opened,” says Monroy. “Right now we appreciate that people are coming out and coming to us, it’s even helped bring back some people on staff.”

For other distilleries, the pivot to a closed

tasting room and to-go sales has been more challenging. At Whistling Andy Distillery in Bigfork, Montana, head distiller Gabe Spencer says that before COVID-19 roughly 70% of sales and distribution came from outside its home market.

When those markets would reopen is unclear, so in the meantime he spends his days at the distillery filled with bottles—mostly gin, rum and vodka—that had been destined for accounts in Taiwan, Las Vegas, Reno and Colorado. Spencer said he would wait on transferring ready whiskey from barrels to





Sourland Mountain's Sage and Ray Disch



bottles until his current supply dwindles.

The decade-old distillery is located in a town of 4,000 residents that swells during the summer months with tourists visiting nearby Glacier National Park. Now, with restrictions in place by the state government that does not allow for seating at the bar and only 50% capacity in the tasting room, Spencer is trying to figure out how to keep business going with diminished capacity until the distribution channels open up again.

At Sourland Mountain Spirits in Hopewell, New Jersey, founder and owner Ray Disch says "95% of business evaporated overnight" when the pandemic started.

Like hundreds of distilleries, Sourland pivoted to making hand sanitizer, says distiller Sage Disch. Early batches went to first responders and medical facilities but as production has ramped up it is now being sold to customers. Sourland has also benefited from proximity to its neighbors. The distillery is just steps from Troon Brewing, a popular brewery with fiercely loyal fans who come out for every single beer release, even in a pandemic. So, it set up a small bar outside and has been offering bottle sales. The distillery found that colored spirits, like whiskey, rum, even a barrel-aged gin are selling well.

"No one is buying vodka," Ray Disch says.

For collectors and bottle hunters there has been an upside to the pandemic, even as it comes at the misfortune of restaurants. At the Jack Rose Dining Saloon in Washington, D.C., the extensive bottle list that had made it famous are now a lifeboat.

The restaurant is now open two days per week and is selling bottles from its inventory—some very rare—to customers and collectors, says owner Bill Thomas.

"Every time we open the doors, we're busy," he says. "Then it takes me two days to reassess, look at our inventory, see what we can get in, what we have squirreled away and what we can do to get people to come back next time."

Thomas says he has been considering putting his house on the market to help keep the restaurant afloat and is unsure what the future will look like with social distancing measures becoming more normal.

"Everyone needs to be rethinking their business plan and model right now," he says. "Our business is going to be a hybrid model, with carry-out, delivery and of course whatever social distancing we can do, but we can't just be a dine-in anymore. We need to be a little bit of everything." ■





# FARMERS MARKETS OF THE FUTURE

Distilleries can still find success at summer markets—if they're willing to adapt.

BY KATE BERNOT

In summers past, America's craft distillers proved aquavit and bourbon had a place at farmers markets alongside baskets of kale, chard and pastel-hued eggs. Distilleries from New York to Oregon found local farmers markets to be a boon to business, both in terms of direct revenue and marketing. But, like so much else, these markets have seen their standard operating procedures upended by the coronavirus pandemic.

Markets won't look the same this year, if they come back at all. Most states have declared farmers markets essential businesses, but local health departments can still impose restrictions on their operation. By April, major cities including Los Angeles and Seattle allowed markets to open for the season with safety precautions in place: limiting the number of shoppers who can enter, prohibiting product sampling and providing additional hand-washing stations, for example. Markets are also testing out methods like curbside

pickup or produce box delivery.

Even late into summer, markets are unlikely to return to pre-coronavirus normalcy. But there are still opportunities for distilleries to generate revenue, gain new customers and connect with their communities in important ways. With safety measures in place, distilleries may find these local markets are still crucial sales and marketing channels.

Last year, American Shochu Co. generated \$750-\$1,000 in sales per market through its booths at three farmers markets near its distillery in Frederick, Maryland. The markets were also an important opportunity for sampling and conversation, two crucial marketing elements for a distillery that produces a spirit unfamiliar to most Americans. Co-founder and CEO Taka Amano also amassed a list of 1,700 email addresses of consumers who physically bought his products at markets and events. He says increases in sales of American Shochu at county liquor stores also indicate

to him that consumers who sample and buy bottles at events become repeat customers.

Amano planned to sell at additional farmers markets this summer and even hire people to work them, calling the markets "a scalable model and important revenue source." Then, the pandemic changed the equation.

After attending the Bethesda Central Farm Market into late March, Amano decided in the interest of health and safety to skip upcoming markets until he felt more comfortable. But demand at those March markets surprised him; he sold more on those weekends than he'd typically sell during the holiday season.

"Customers were being supportive, thanking us for being there," Amano says. "But everyone's scared and a little bit awkward."

He's optimistic that American Shochu can continue to sell its products through markets via preorder and curbside pickup, and he doesn't rule out returning in person—without sampling—if the number of cases in





the area decreases.

His decision to stay home is familiar to many consumers, who may still feel wary about returning to such public events even where it's legal to do so. That's why it's crucial for markets to support their vendors and customers while maintaining safety. They'll have to think creatively about curbside pickup, preordering, delivery, and virtual sales.

Vendor distilleries also need to be flexible in not just the way they sell spirits at the market, but which spirits they promote. In past years, New Deal Distillery of Portland, Oregon, attended as many as eight farmers markets a month, and owner Tom Burkleaux says sales at a farmers market were often equal to tasting room sales on the same day. At those Portland-area markets, New Deal used to sell mostly its specialty products. When coronavirus hit, though, customer preference flipped—suddenly, staples like vodka and gin saw a huge uptick in sales.

“At home, people only know how to drink a few things: vodka, gin, and whiskey,” Burkleaux says. “They’re not making complicated cocktails. They’re making drinks to sit on their porch with.”

In response, distilleries can not only promote their staple spirits, but bundle at-home cocktail kits that include recipes, mixers and garnishes. Those mixers and garnishes might even offer an opportunity to include herbs or flowers from other market vendors. That could dovetail with another aspect of consumer behavior that Burkleaux has observed post-coronavirus: Local purveyors matter more than ever to farmers market shoppers. He says they’re looking for familiar, staple products, but from small businesses in their own communities.

“People are more intentional in their shopping,” Burkleaux says. “Those who want to support local are making more of an effort. If you have a grain-to-glass product and you’re using good ingredients, it can resonate more than ever at the farmers market.”

Consumers who normally shop for local products at the farmers market but don't feel comfortable doing so in person this summer should be directed toward online ordering. Louise Newsome, the co-owner of Cooper's Daughter Spirits at Olde York Farm, says farmers markets can host virtual events or send email newsletters that point customers towards vendors' online shops. Her Claverack, New York-based distillery saw a significant uptick in orders from its own newsletter as well as a spotlight in a newsletter from a local farmers market.



**“If you have a grain-to-glass product and you’re using good ingredients, it can resonate more than ever at the farmers market.”**

**—Tom Burkleaux  
of New Deal Distillery**

“It’s getting the word out. People don’t necessarily know they can order online yet, so it really helps,” she says.

Indeed, alcohol’s share of Americans’ food and beverage spending online lags far behind its share in brick-and-mortar. A 2018 Constellation Brands consumer survey found 65% of online grocery shoppers in places where it’s legal to buy alcohol online didn’t know that was an option. The pandemic has also loosened alcohol-delivery laws in some states, and farmers markets’ newsletters represent an important megaphone alerting consumers to those new options.

If distilleries are to thrive and not just survive at farmers markets this summer and fall, they’ll need to employ multiple strategies. First and foremost is keeping employees and customers safe by encouraging online ordering, curbside pickup and appropriate hand-washing and mask-wearing. Second is tailoring their products and their marketing to at-home, unfussy cocktail drinking. Third is continuing to tell the story of how craft distilleries are local small businesses embedded in and supportive of their communities.

Farmers markets likely won’t return to normal any time soon, but they will remain a vital source of local products for customers, and of sales for their vendors. ■



Kate Bernot regularly covers beer, food and spirits. She was formerly an editor at *The Takeout* and *DRAFT Magazine*.





# GOOD TO GO

Craft distilleries turn to creative packaging solutions for to-go cocktails.

By Jon Page



West Fork's bundle includes a mixer with mix ratio.

Michael Myers was getting restless.

The founder of Distillery 291 in Colorado Springs, Colorado, Myers is accustomed to frequently travelling and spreading the word about his distillery's line of craft whiskey. But soon after the state entered a stay-at-home phase in late March, he was joking about exploring new hobbies. "I'm going to have to take up painting or something," he recalls saying during a meeting with his team. But his next question sparked a promising new pursuit: "What are we doing about to-go cocktails?"

In less than an hour, Distillery 291 had a prototype in hand. "I said, 'I should take up painting,' at 3 and by 3:40 we had the picture of the cocktail on my bar," says Myers. "We launched it that day. We sold 100 that first night and 160 the next day. We got crushed."

Similar stories played out at distilleries across the country as individual states relaxed laws and allowed bars, restaurants and distilleries to sell cocktails to go. But first, distilleries needed to determine the best way to package their cocktails.

Distillery 291 turned to a stockpile of 100-

mL screw top glass bottles it had previously used for samples. Later, the distillery added standard 375-mL and 750-mL options, and it also packaged frozen whiskey slushies in mason jars.

Unlike the shortage of packaging for hand sanitizer, packaging for to-go cocktails was easier to come by, although it has been somewhat difficult to maintain a cohesive lineup of packaging, according to Doug Kouma, the director of visitor experience at Vikre Distillery in Duluth, Minnesota. "The silver lining here is that when we're looking for food-safe packaging, those are still readily available through our normal supply chains," says Kouma. "When we're on the sanitizer side of things and looking for small spray bottles, you almost couldn't find anything out there because the demand was so high."

In Minnesota, distilleries can only sell 375-mL bottles from a tasting room, so Vikre started selling cocktail kits for consumers to mix drinks at home. The kits are prepared daily with all the fresh ingredients needed to make at least four drinks, and each kit comes

with a recipe card and a photo of the drink. In early May, Kouma said the distillery was focusing on basic drinks with simple directions that were stepped up a level. "Instead of a vodka lemonade, we can do a tart cherry vodka lemonade," says Kouma, "things like that that still give people that sense of making something really fun and special that they wouldn't have been able to do otherwise."

Initially, the packaging included a mix of glass and plastic bottles which were labeled with masking tape and Sharpie markers. Kouma said that in a pre-pandemic world those labels would not have been ideal, "but there's also something really cool and quaint about that right now," he said in May. "There's something that really shows individual care and concern for the products that we're delivering to people."

In the weeks that followed, Vikre improved the overall presentation of the kits. Gone are the plastic containers and masking tape, and in came kits in attractive gable boxes with printed labels. Kouma said Vikre also stepped up its overall lineup. For Father's Day, the



distillery had two dozen kit options and some included shaker sets, ice molds and other merchandise. “We found that some people were giving these kits as gifts, so these changes have improved the aesthetics and the perceived value, which is allowing us to inch up prices and improve our margins a bit,” says Kouma.

In Indianapolis, West Fork Whiskey Co. is offering bundles, which includes a bottle of whiskey and a plastic bottle of its Quarantine Cocktail Mixer. Each bottle has a ratio of whiskey and mixer on the label. “All you have to do is measure, throw your whiskey in there, give it a few stirs and boom—you’ve got a craft cocktail,” says Blake Jones, co-founder of West Fork.

Jones says the mixers include a touch of stabilizer, and should be stable under refrigeration for about 30 days.

“We want to have flexibility for our consumers,” says Jones. “A lot of people don’t have multiple drinks a night, but they love a cocktail when they get off work. This gives them the ability to pour one, put the cap back on, put it back in the fridge and it’ll be good for 30 days.”

While packaging for to-go cocktails varies from distillery to distillery, there appears to be one common link: sales from to-go cocktails are helping to keep distilleries afloat during the pandemic. At Distillery 291, sales in the tasting room for April and May were up slight-



Distillery 291’s mason-jar-packed whiskey slushies

ly compared with the same months in 2019. Meanwhile, West Fork hired more workers to keep up with demand and Vikre was able to give more hours to staff that was furloughed. Such success stories have many craft spirits producers wondering if to-go cocktails are here to stay. A recent customer with young children told Kouma that the cocktail kits are a favorite weekend splurge when they can rarely leave the house.

“I can’t imagine a post-pandemic world where we don’t keep offering these in some capacity,” says Kouma. “People have really enjoyed them. I think people really like the drive-up service. I don’t think the desire for online ordering and drive-up pickup is going to go away anytime soon, even after retail is able to reopen. So I think that’s an opportunity for us.” ■



Vikre improved the aesthetics of its cocktail kits.

**“I can’t imagine a post-pandemic world where we don’t keep offering these in some capacity.”**  
**—Doug Kouma of Vikre Distillery**





# NEW RESPONSIBILITIES AND PRIVILEGES

The industry and regulators respond to the COVID-19 pandemic.

BY FRANK KNIZNER

The coronavirus pandemic is reshaping all aspects of life, and the beverage alcohol industry is not immune. This is particularly the case for the craft spirits industry, whose members heavily rely on on-premises establishments like distillery taprooms, restaurants and bars to sell their spirits and gain exposure and new customers. The impact of the closure of these types of establishments (or their limitation to delivery and takeout) was felt immediately by industry members and consumers, and the full effects remain to be seen. While most states consider wholesalers and off-premises retailers to be essential businesses, stay-at-home restrictions and a general decrease in consumer willingness to patronize brick-and-mortar retail establishments means that sales via these channels alone may not be sufficient to keep industry members afloat.

Recognizing the important role that craft spirits industry members play in the economy and community, and the threat posed by the pandemic to the vitality and longevity of the industry, several states responded by relaxing strict regulations and allowing broader privileges, making it easier for industry members at every tier to sell and deliver spirits to consumers. At the retail tier, this included new allowances for restaurants and bars to provide to-go spirits and cocktails. For example, the District of Columbia passed an emergency relief bill that allows approved on-premises retailers like restaurants, bars and taverns to provide spirits to consumers as part of takeout or delivery food orders. At the production tier, this included new allowances for delivery and direct-to-consumer shipment of spirits. For example, Kentucky passed a law allowing distilleries (whether located inside or outside Kentucky) to obtain a direct shipper's license that allows them to ship up to 10 liters of spirits directly to a given consumer per month.

It might not come as a surprise that D.C. (known for its liberal alcoholic beverage laws) and Kentucky (whose history and economy are

**It remains to be seen whether these temporary allowances will turn into permanent privileges.**



inexorably intertwined with distilled spirits) swiftly enacted allowances for industry members to provide spirits directly to consumers. By contrast, it certainly seemed uncharacteristic of Virginia—a control state for spirits—to do so. After all, it was only six years ago that the Virginia Alcoholic Beverage Control Authority (VABC) allowed Virginia distilleries to operate “distillery stores” at their licensed establishments and sell packaged spirits to patrons for off-premises consumption.

Characteristic or not, in direct response to the pandemic, VABC enacted a temporary addendum to the Distillery Store Agreement between Virginia distilleries and VABC that allows Virginia distilleries operating distillery stores to sell and ship their spirits and low-beverage alcohol coolers (7.5% ABV and under spirits-based beverages) directly to consumers and licensees in Virginia. Distilleries may only ship up to six bottles of spirits or two cases of low-alcohol beverage coolers to any one consumer or licensee per month. Shipments must be made by an approved common carrier (FedEx or UPS), and distilleries must ensure that the recipient is at least 21 years old. The

temporary allowance remains effective as long as VABC stores are recognized as essential businesses under Gov. Ralph Northam's executive orders, or until it is amended, modified or rescinded by Gov. Northam.

It remains to be seen whether these temporary allowances will turn into permanent privileges. In at least some states, it seems that the issue of direct-to-consumer spirits shipping is not a question of “whether,” but “when” or “under what circumstances.” I expect on-the-fence states to closely monitor Virginia and Kentucky to ascertain the impact of these new privileges on the industry. ■



*Frank Knizner is an associate attorney at Lehrman Beverage Law.*



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# SUPPLY, DEMAND AND EVERYTHING IN BETWEEN

COVID-19 has thrown the spirits supply chain a bit out of whack, but it's gradually recovering.

BY JEFF CIOLETTI

The spirits supply chain is loaded with complexities, but when you add a pandemic into the mix, things get far more complicated. In March, COVID-19 was an immediate shock to the system that connects all trading partners in the craft distilling value chain, with many facets of commerce essentially grinding to a halt. And we all got a real-time demonstration of just how interdependent the global marketplace is.

Even before the mass lockdowns started across America, there were disruptions on the other side of the world that impacted the U.S. market. In the first week of March, when U.S. businesses and federal and state governments began pondering the prospect of stay-at-home orders and a complete shutdown of on-premise consumption, China already had been in full lockdown mode for quite some time. And that meant that many of the containers used in international shipping were tied up 8,000 miles away.

"Whether that was containers trying to get products directly from Asia or containers that were needed to get things from Europe, it

caused a backup in the availability of containers," says Jake Keeler, VP of marketing at ingredient supplier BSG.

The global logistics community, Keeler says, was able to work through that situation fairly quickly. "It was a little bit of a problem for a few weeks," he notes, "but by the end of March it was a non-concern and sort of worked itself out. And we didn't see too many supply disruptions because of that."

After that, Keeler reports, everything's been relatively fine on the supply chain side—there haven't been any significant issues with the availability of ingredients, nor with the logistics of getting those ingredients to BSG's locations.

He does note, however, that since April there have been some wild fluctuations in order frequency. "If you looked at a rolling or previous 12 months, the set of customers order on [a particular] frequency and it's pretty consistent," Keeler explains. "What we began to see were larger fluctuations in re-orders. This was more related to stay-at-home and shelter-in-place orders."

With tasting rooms closing and more distilleries pivoting to hand sanitizer production, there were uncharacteristic peaks and valleys in demand for certain ingredients.

"These fluctuations were almost on a weekly basis," Keeler reveals. "'Whoa, there's a huge spike is this one product,' and 'Whoa, this one goes down,' then suddenly we've got all these requests for glycerine, things for making sanitizer, things we didn't have before. Those things weren't even in the supply chain pipeline, even for the producer."

The distilleries' pivot prompted suppliers like BSG to also pivot to ensure they have the components necessary for sanitizer production. But by late April/early May, the demand for those ingredients dropped off—which, Keeler says, is likely due to the fact that distillers had produced enough sanitizer to meet local demand and/or the regular sanitizer makers, producers of brands like Purell, were able to ramp up production.

The whole supply-and-demand equation is out-of-whack for the freight companies whose role it is to get products from point A to point B. Top Shelf Logistics, which provides freight



**Even before the mass lockdowns started across America, there were disruptions on the other side of the world that impacted the U.S. market.**





brokerage services for the beverage alcohol industry, has experienced that dynamic first hand. In normal, non-pandemic times, the scale tips back and forth between shippers—the companies sending the goods—and the carriers. When shippers' demand for freight ticks above the supply of available carrier trucks, the carriers make more money. When there's a surplus of vehicles available and not enough shippers to fill them up, shipping prices drop.

"If [shippers] have equilibrium, or near equilibrium with the supply of trucks, then there's happiness," says Richard Baduini, founder and CEO of Top Shelf Logistics.

When COVID-19 hit the U.S., demand for freight plummeted, upending any sense of equilibrium.

"With all of the patterns established over the past few years—there were always up cycles and down cycles, in favor of the shipper, in favor of the carrier—everything was good back in January and February, which kind of mirrored what was happening in the good economy," Baduini explains. "Most people were doing well. All that was shattered and there's a lot of work to do to rebuild."

The cratering of demand for trucks may seem like an opportunity for the industry to save money, as the cost of goods shipped has decreased. But that could be a very short-term situation, as freight companies are more likely to go out of business en masse, possibly creat-

ing shortages once again.

"The bottom was in April," Baduini says. "Rates are really low, but supply [of available vehicles] will continue shrinking all year, all the way until we get to the first quarter of 2021. I think we'll be getting back to something that resembles equilibrium, but only because so much supply has left the market on the trucking side."

There likely will be inflationary pricing, he adds, and there will be fewer carrier options.

"That's what's coming: higher rates, fewer choices," he says. "It's going to be almost a year-long recovery—because I'm assuming America is going to recover—but it's going to be really spotty and regional and local."

On the three-tier side of things, distillers could be facing even greater challenges getting their finished products to market. Distributors already have been vocal about their challenges related to the proliferation of new SKUs over the past couple of decades. The pandemic could make them much more picky about which new products they take on.

"If you go back 20 years, you're starting to see SKUs exploding," says Steve Golladay, owner of the supply chain consultancy Total System Thinking Solutions. "That was the big thing of the past 20 years—how do you manage the explosion of SKUs? It's been a big strain on the supply chain."

And, now, with the temporary shutdown of

on-premise accounts, as well as some off-premise establishments, distributors may be rethinking how many spirits from a particular producer they want to carry. And that could extend well beyond the pandemic.

"What you're going to start seeing is pushback from distribution," Golladay predicts. "They're going to be more reticent to take on new brands. [They'll say] 'I like that core [product] but I don't want six or 10 more on me. If [a pandemic] happens again, I can't sit on a bunch of inventory that I can't move.'"

BSG's Keeler contends that COVID-19 is accelerating what would be a normal economic process of SKU rationalization.

"At some point, there's just saturation in the market, then it rationalizes itself and that would happen on a natural cycle," Keeler says.

Maybe that natural saturation was supposed to occur six or seven years from now. "But it accelerated in three months, all of a sudden it's happening now," Keeler adds.

But, he says, the producers that really up their game are the ones that will survive and thrive.

"It's those [producers] that are being diligent, sticking to their guns and building their brands," Keeler says. "If consumers start feeling more confident spending their disposable income on more premium products, that might be a massive opportunity for those who remain." ■





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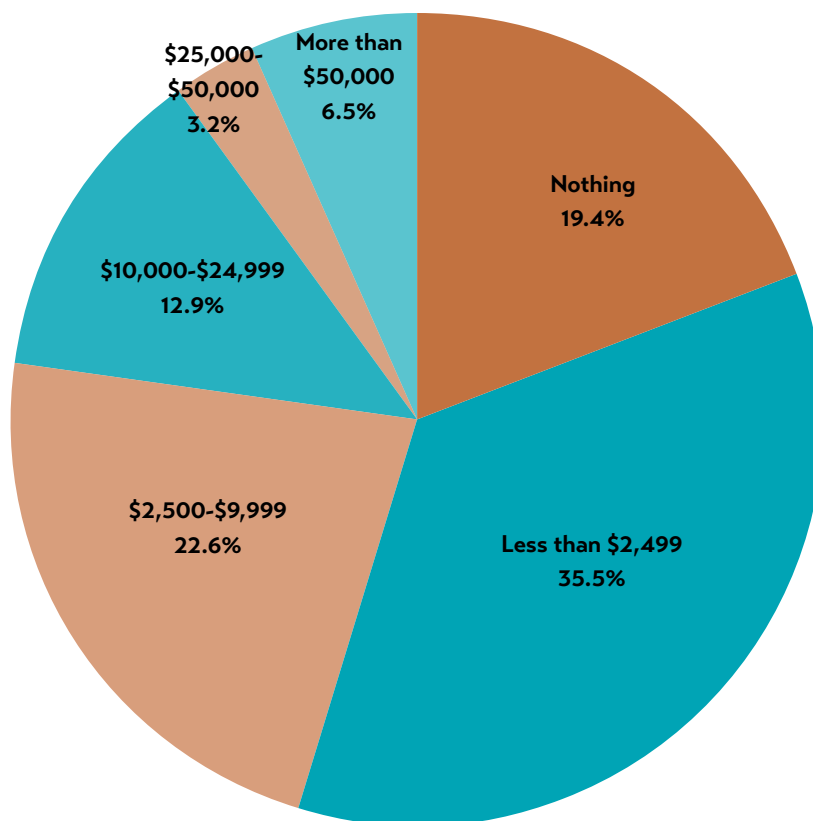
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## THE COST OF REOPENING

In a recent installment of ACSA's Craft Spirits Weekly newsletter, we asked distilleries: If you reopened your tasting room and had to make modifications, how much did it cost? Here are the results:





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