



# Big Splash – Direct Shippers Agree They Violated Tennessee Alcohol Laws

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On December 19, 2023, six direct shippers shipping wine and distilled spirits to customers in Tennessee entered into a consent decree with the State of Tennessee that partially settles allegations they violated state laws by shipping wine and distilled spirits into Tennessee without a license to do so. In its complaint filed on July 14, 2023, the State of Tennessee asserted that the defendants [engaged in deceptive practices](#) in violation of the Tennessee Consumer Protection Act and that the state also suffered a loss in tax revenue generated by the improper sale of distilled spirits to residents in Tennessee through this direct-shipping arrangement.

Tennessee laws do [authorize](#) the direct shipment of wine to consumers in Tennessee upon obtaining a direct shipper's license. However, unlike wine, there is no license in Tennessee that authorizes the [shipment of liquor](#) directly to consumers. The consent decree establishes that each of the six defendants—Bottle Buzz, Inc., Prime Time Liquors, My Bev Store, The Liquor Bros, and Wooden Cork Enterprises, Inc.—violated Tennessee law, which prohibits the direct shipment of wine into Tennessee without a permit and does not license the direct shipping of spirits into Tennessee. However, even though each defendant admitted to violations of Tennessee law, the consent decree reserves the imposition of civil penalties and indicates the parties are trying to resolve those issues.

In the complaint, the State of Tennessee alleges that the defendants asserted a “work-around” to the unauthorized direct shipment of distilled spirits to consumers in Tennessee by insinuating on their websites that the direct-shipper defendants are an agent of retailers licensed in Tennessee where the purchase occurs and that each website was working as an agent for the local retailer, which effectively completes the sale locally. However, after months of negotiations with state officials, each of the direct-shipper defendants did not answer the complaint nor assert any defenses

to the allegations in the complaint, but instead chose to enter into the consent decree, admitting to the violations of Tennessee laws related to direct shipping of “spirituous liquor” and “wine.”

The consent decree states that (a) none of the defendants had a license to directly ship wine into Tennessee, and (b) that there is no direct shipping license for distilled spirits in Tennessee. Accordingly, the defendants are prohibited from shipping wine into Tennessee until they obtain a [direct-shippers permit](#) and are prohibited altogether from shipping distilled spirits (or liquor) into Tennessee.

These proceedings have major implications for direct shipping of wine and distilled spirits, not just in Tennessee but across the United States. Industry observers are carefully watching to see if local laws catch up with industry trends or if new laws are enacted to authorize the popular and lucrative practice of direct shipping and internet sales of wine and distilled spirits, which generate billions in revenues. If similar enforcement efforts are taken in other states, this could dampen or even halt internet sales and direct shipping, dealing a major blow to the spirits industry.

For more information, contact [Charles M. Johnson](#) or [Ryan Goellner](#) of Frost Brown Todd’s [Consumable Goods](#) team.

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