TTB Boot Camp for Wineries

BEYOND THE BASICS:

WHAT TO EXPECT DURING A PRODUCT INTEGRITY INVESTIGATION

TTB Disclaimer

Notice:

- This information is being presented to help the public to understand and comply with the laws and regulations that the Alcohol and Tobacco Tax and Trade Bureau administers
- It is not intended to establish any new, or change any existing, definitions, interpretations, standards, or procedures regarding those laws and regulations
- In addition, this presentation may be made obsolete by changes in laws and regulations - please consult the regulations for the most current regulatory requirements
- Sample documents (such as records, returns, and labels) are for illustrative purposes only and contain fictitious data

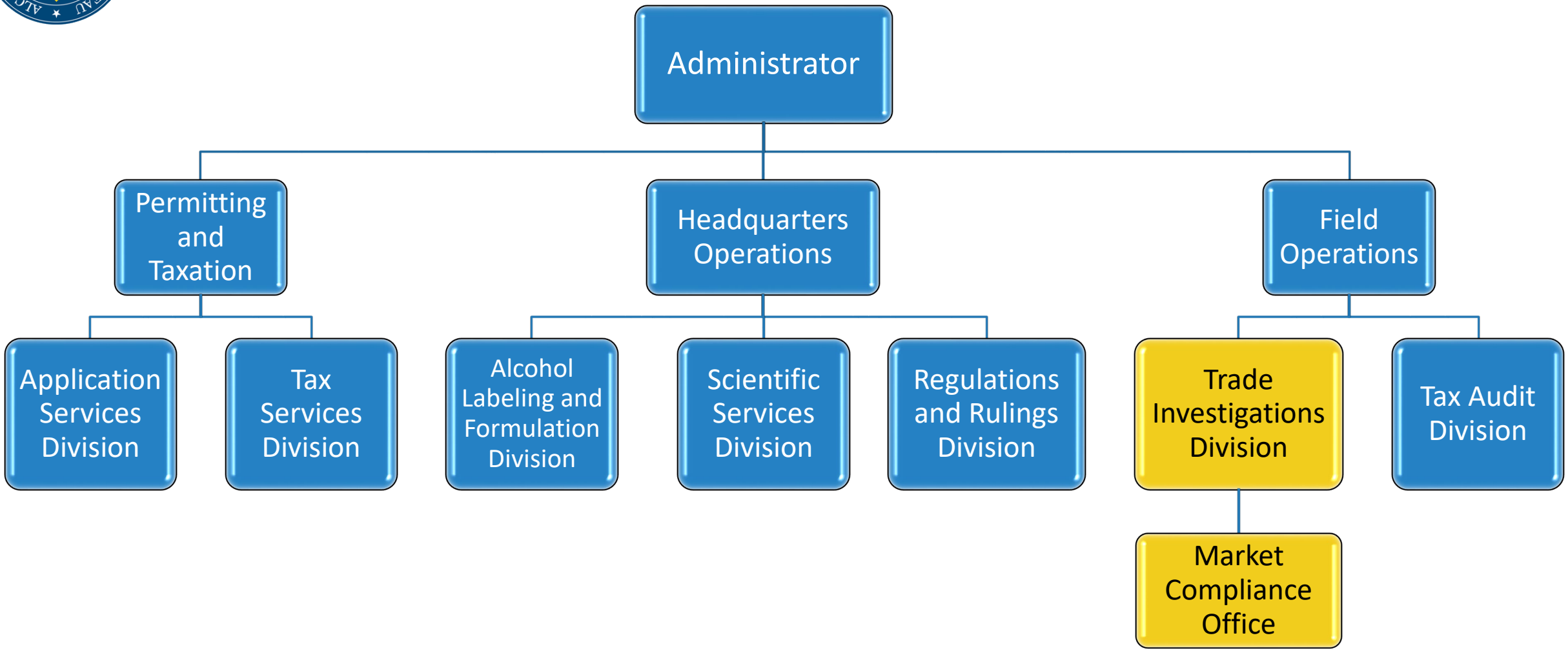
Agenda

In this beyond the basics presentation we will be covering:

- Investigations:
  - Trade Investigation Division (TID) Overview
  - Product Integrity Investigation Overview
  - Common Violations
  - Resources

TID Overview

TTB Organizational Chart



TID Overview

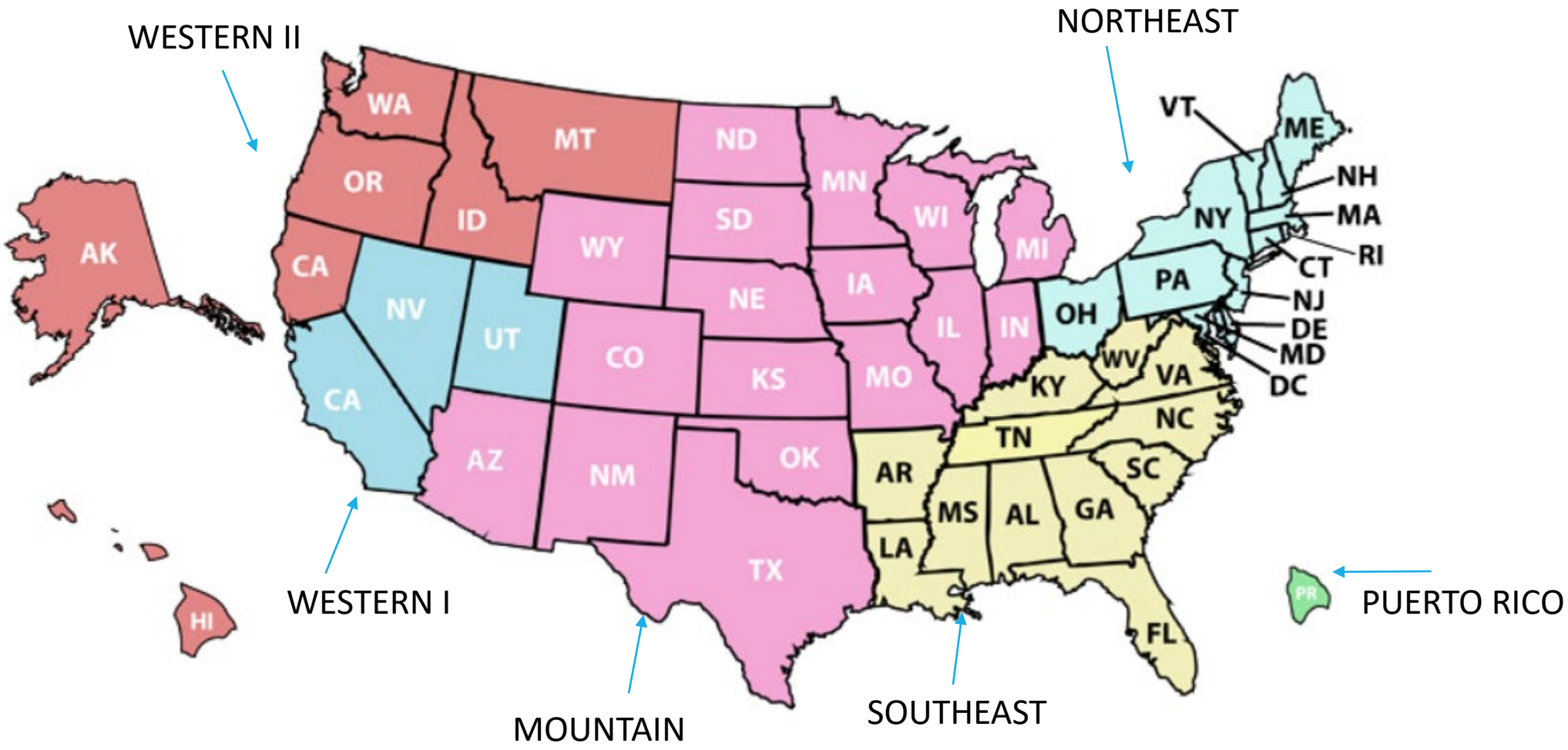
Ensures and promotes industry compliance with the laws and regulations TTB administers through education and investigations in 6 Districts. Activities include:

- Ensuring only qualified applicants are granted permits to engage in production and distribution of alcohol and tobacco
- Investigating allegations of trade practice violations in marketplace
- Examining Certificates of Label Approvals (COLAs) to deter unauthorized usage

TID Overview (cont'd)

- Preventing misleading labeling and advertising of alcohol beverages
- Conducting investigations of suspected alcohol or tobacco tax evasion

TTB Trade Investigations District Map



Trade Investigation Division Contacts

Western I District Field Office

21143 Hawthorne Blvd #461
Torrance, CA 90503-4615
513-684-2481

NOTE: This is a mailing address **ONLY**. This is not a physical address. Please direct all inquiries to: 513-684-2481

Western II District Field Office

5050 NE State Hwy 303 #103, PMB #206
Bremerton, WA 98311
513-684-2491

NOTE: This is a mailing address **ONLY**. This is not a physical address. Please direct all inquiries to: 513-684-2491

Mountain District Field Office

100 East Main St. #41
Honey Grove, TX 75446
513-684-2730

NOTE: This is a mailing address **ONLY**. This is not a physical address. Please direct all inquiries to: 513-684-2730

Northeast District Field Office

1282 Smallwood Drive W. #307
Waldorf, MD 20603
202-453-2267

NOTE: This is a mailing address **ONLY**. This is not a physical address. Please direct all inquiries to: 202-453-2267

Southeast District Field Office

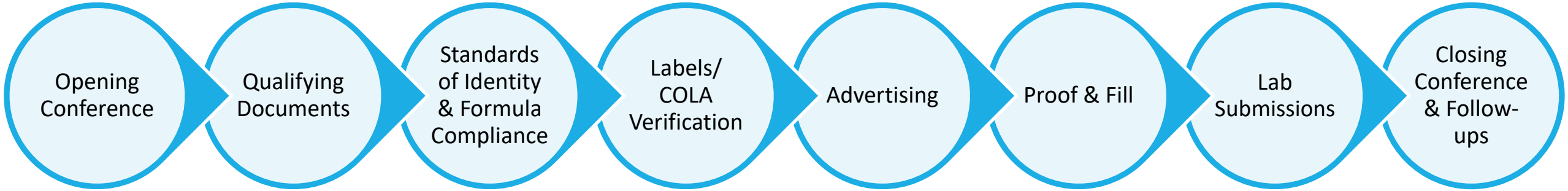
4300 West Cypress Street, Suite 340
Tampa, FL 33607
202-453-3117

Puerto Rico District Field Office

Torre Chardon
350 Ave Carlos Chardon, Suite 310
San Juan, PR 00918
202-453-3164

Product Integrity Investigation

Product Integrity (Consumer Protection)



Opening Conference

Opening Conference

The investigator will:

- Tour the premises
- Interview key personnel responsible for production, labeling, and lab analysis including alcohol and fill tests
- Identify COLAs, formulas, records, and reports needed for the investigation
- Identify operations conducted on the premises

Qualifying Documents

Qualifying Documents

The investigator will:

- Examine qualifying documents from the original application that relate to the winery operations.
  - If necessary, investigator will advise of procedures to amend the permit/registration.
- Verify that only authorized persons sign documents submitted to TTB.
  - Authorized persons must be on the Permit as key party members or have a signed Power of Attorney (POA) on file.

Qualifying Documents: Common Issues and Solutions

Not reporting changes in the business operations to TTB

- Must report changes in officers / directors within 30 days.
- Must report changes in control / ownership within 30 days.
- New consultants / employees need Power of Attorney or Signing Authority to submit on your behalf.

Failure to File for altered business premises

- New buildings, tanks, rooms, labs, etc. must be reported to TTB and approved before construction or addition.

Standards of Identity and Formula Compliance

Standards of Identity & Formula Compliance

The investigator will:

- Verify the permittee's records accurately identify the class and type of wine produced and/or received in bond (imported and domestic).
- Determine whether wines are properly identified according to the vintage, grape varietal(s) and/or American Viticultural Area(s) (AVA) from which they were grown.
- Ensure there are TTB-approved formulas for all products produced and bottled that require them.

Standards of Identity & Formula: Common Issues

- Mislabeling varietals or blends
- Appellation of Origin or AVA misrepresentation
- Failure to maintain accurate records for label claims

Labels/COLA Verification

Labels/COLA Verification

The investigator will:

- Verify permittee has either COLA or COLA exemption for all bottled inventory.
- Verify labels on wine bottles include all mandatory information and avoid prohibited practices (27 CFR Part 4).
- Verify trade names appearing on labels are identical to trade names listed on permittee's basic permit.

Labels/COLA Common Issues

- Not having an approved COLA for bottled wine.
- Making unallowable change to product label without obtaining new COLA.
- Incorrectly formatted Government Health Warning Statement.

Advertising

Advertising

The investigator will:

- Review advertising material on website and social media accounts.
- Review point of sale (POS) materials for violations. POS materials include things such as:
  - Sales pamphlets
  - Posters
  - Promotional displays, or
  - Written, printed, or graphic materials in stock

For questions about TTB's advertising requirements, contact the Market Compliance Office at 202-453-2251 (option 4) or by e-mail at Market.Compliance@ttb.gov.

Advertising Common Issues

- False or misleading health claims.
- Geographical misrepresentation.
- False information on production method.
- Advertising not consistent with approved COLA.
- Use of prohibited statements.

Proof and Fill

Proof and Fill

The investigator will:

- Verify winery fill procedures.
- Observe plant personnel conducting fill test.
- Verify all measuring devices used for fill are correctly calibrated.
- Review fill records required.
- Records must include all information showing wine premises is compliant with requirements/regulations.

Fill Requirements – Containers

Containers must conform with **27 CFR Parts 4 and 24** with regard to the following:

- Headspace (27 CFR 4.71)
- Design (27 CFR 4.71)
- Fill (27 CFR 4.72 and 27 CFR 24.255)

Fill & Alcohol Content

Fill and alcohol tests are required per CFR Part 24. These can be recorded on bottling forms and/or in logbooks in the laboratory.

- Tolerance for alcohol content of:
  - ≤14% alc/vol is +/- 1.5%
  - >14% to 21% alc/vol is +/- 1%

- Individual bottle fill tolerance is +/- 2% for 750mL

Proof and Fill Common Issues

- Inaccurate alcohol content.
- Not checking each fill head on bottling line and making adjustments.
- No fill test records.
- Underfilling and overfilling.

Lab Submissions

Samples for TTB Lab Submission

- Several samples will be pulled from bonded inventory.
  - Samples will be of various sizes and products.
- Lab samples taken are free of tax.
- Samples will be sent to TTB lab for analysis and fill check.
- Results of lab analysis will be shared with industry member.

Closing Conference & Follow-Up

Closing Conference & Follow-Up

- Results of investigation will be explained to key personnel.
- If possible, any issues that can be fixed on-site should be completed and signed off by TTB.
- Investigator will ensure that corrective actions are taken for any lab samples found to be out of compliance by the TTB laboratory.
- If necessary, investigator will issue a written Notice of Violation (NOV) and advise proprietor of corrective action.
- Industry member must sign NOV and agree to complete all necessary actions within the given timeframe.

Adverse Action

- Violations may result in TTB taking administrative action against your permit.
- Administrative action can range from a warning letter, up to and including, suspension or revocation of a permit.
- Findings are made part of your official TTB file.
- If corrective actions aren’t completed within the timeframe given, administrative action could occur.
- Additional administrative actions may be taken if violations continue in the future.

Voluntary Disclosure

- TTB encourages industry members to voluntarily disclose violations upon discovery and take appropriate corrective action.
- These disclosures may mitigate actions taken by TTB in response to violations.
- Submit your voluntary disclosure: https://www.ttb.gov/contact-nrc

Common Violations

Compliance Concerns

- Production prior to TTB and state qualification.
- Wineries that allow people to use their equipment and facilities to make their own brands without an alternating agreement.
- Not recording production of custom crush.
- Unreported changes (in ownership, use of premises, etc.).
- Recordkeeping, inventories, reporting (late filed reports, lack of cellar records, no annual inventory on file, forms signed by someone who does not have signing authority).
- Untruthful or misleading label claims.

Resources

Resources on TTB.gov

Alcohol Beverage Formula Approval Home Page
https://www.ttb.gov/formulation/index.shtml

Subscribe to automatically receive the weekly TTB Newsletter
https://public.govdelivery.com/accounts/USTTB/subscriber/new

Permits Online Help Center
https://www.ttb.gov/ponl/permits-online-help.shtml

Resources on TTB.gov

Laws, Regulations, and Public Guidance: https://www.ttb.gov/distilled-spirits/laws-regulations-and-public-guidance

CBMTRA page: https://www.ttb.gov/alcohol/craft-beverage-modernization-and-tax-reform-cbmtra

TTB Federal Register Publications: https://www.ttb.gov/what-we-do/regs-guidance/federal-register-publications

Resources on TTB.gov

List of Allowable Changes to Approved Labels: https://www.ttb.gov/labeling/allowable-revisions

Formula Approval Tool: https://www.ttb.gov/formulation/which-alcohol-beverages-require-formula-approval

Proofing Video Series: https://www.ttb.gov/distilled-spirits/proofing-tutorial