



COMMON CARRIER REPORTING FINDINGS AND ENFORCEMENT ACTIONS

A SUMMARY OF FINDINGS FROM STATE
COMMON CARRIER REPORTS & INVESTIGATIONS



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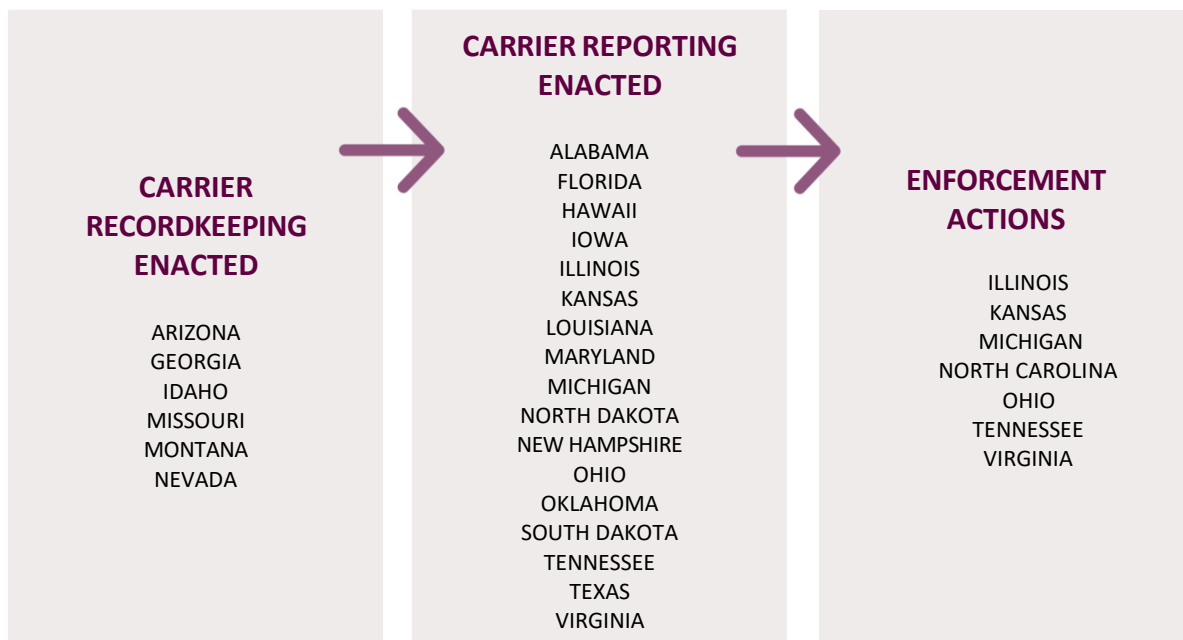
EXECUTIVE SUMMARY

As consumers seek more convenience in their purchases, interstate direct-to-consumer (DTC) shipments of beverage alcohol (predominantly wine) has become increasingly common. Unlicensed and unscrupulous actors dodge state laws that regulate shipments to avoid license fees, local laws and regulations, and important tax requirements (excise, retail, and local taxes).

States need mechanisms to differentiate between legal and illegal shipments to effectively enforce DTC laws, and enacting “common carrier reporting” can give states more visibility into the marketplace by requiring common carriers (FedEx, UPS, etc.) to report alcohol shipments to regulators. States across the country have begun to use common carrier reports to identify illegal shipments and launch enforcement efforts to stop businesses from illegally shipping into their state.

This document summarizes state regulators’ findings of illegal shipping based on the data in common carrier reports and the subsequent enforcement actions brought by the state against those illegal shippers. The current shipping law is also summarized to provide a base line to compare the common carrier reporting data with. At the end of this document, each common carrier reporting and common carrier record keeping law is summarized.

COMMON CARRIER REPORTING PROGRESS:





FINDINGS FROM COMMON CARRIER REPORTS AND ENFORCEMENT INVESTIGATIONS

ILLINOIS

SHIPPING LAW: In- and out-of-state wineries with a winery shipper license may ship up to 12 cases of wine of their own production to an Illinois resident per year.

CARRIER REPORTING DATA: The Wine and Spirits Distributors of Illinois (WSDI) examined carrier reporting data from December 2013, see the [presentation](#), and found the following:

- 84,811 unlicensed shipments from two carrier companies in a single month
- 460,961 unlicensed 750ml bottles shipped
- 91,329 unlicensed gallons shipped
- WSDI projects tax loss estimates as high as \$20 million per year

ENFORCEMENT ACTIONS

- In 2015, the Illinois Liquor Control Commission agency issued 160 cease and desist letters that resulted in an additional 150 winery shipper permits being issued.
- In 2017, the Illinois Liquor Control Commission agency issued cease and desist letters to 261 unlicensed retailers and 395 unlicensed manufacturers.

KANSAS

SHIPPING LAW: In- and out-of-state wineries holding a special-order shipping license may make direct shipments of wine to consumers in Kansas of up to 12 standard cases of wine per year.

CARRIER REPORTING DATA

- Common carriers reported that 198,556 shipments of alcohol were made to Kansas residents in 2020. The Kansas Department of Revenue, Alcoholic Beverage Control reported that, based on carrier reports, “Unlawful shipments of alcoholic liquor are a known problem.” And further: “(I)t is clearly easy to order alcoholic liquor online giving easy access to underage individuals. Not only is underage access a problem, but there is a high risk for tainted or counterfeit alcoholic liquor which poses a health risk...Additionally, there is a significant loss of revenue due to the State of Kansas in the form of unpaid liquor enforcement tax and gallonage tax.” Read the [full briefing](#) (page 3).
- An investigation by the Kansas ABC into 22 vendors with unsolicited social media advertisements for shipping alcoholic liquor to Kansas residents found that 95% sold and shipped spirits illegally into the state.
 - Additionally, 100% of the vendors sold and shipped beer which is illegal in Kansas.
 - Fifty percent of the vendors that sold and shipped alcohol during the investigation had no federal license from the Alcohol and Tobacco Tax and Trade Bureau (TTB) and none of the vendors held the required Kansas special order shipping license for wine.
 - The investigation also found two shipments were delivered to an underage individual, including to a 7-year-old.



MICHIGAN

SHIPPING LAW: Holders of a direct shipper license may ship up to 1,500 9-liter cases of wine per calendar year to Michigan consumers.

CARRIER REPORTING DATA

- In 2019, Michigan consumers received 2,233,880 bottles of alcohol via direct shipment. Of those, 734,365 (33%) were shipped illegally, meaning that **one in three bottles of wine was shipped illegally**. In the fourth quarter of 2019, 484,101 bottles of alcohol were shipped into Michigan. Approximately 52%, or 250,264, of those bottles were shipped illegally into the state. Read the [press release](#).

ENFORCEMENT ACTIONS

- In 2019, the Michigan Liquor Control Commission (MLCC) and the Michigan Office of Attorney General used carrier reports to send **129 cease and desist letters** to unlicensed sellers for illegally shipping alcohol directly to Michigan consumers.
- In 2020, Michigan Attorney General Dana Nessel brought 21st Amendment Enforcement Act cases against two out-of-state entities that illegally shipped wine and beer directly to consumers. The cases were the second use of the 21st Amendment Enforcement Act (Ohio being the first) and resulted in consent decrees requiring the companies to stop shipping into the state. The cases also included a consumer protection act claim that led to the imposition of monetary penalties. Read more [here](#).
- On May 5, 2021, Attorney General Nessel filed a **second round of cases** under the 21st Amendment Enforcement Act. Stemming from earlier carrier reporting enforcement actions and sting operations, the **lawsuits allege four out-of-state entities**, three wineries and one retailer, **shipped wine directly to consumers without obtaining a direct shipper license** and after receiving cease- and-desist letters. Three out of the four cases were resolved by consent decrees, while the fourth case was voluntarily dismissed.
- On November 30, 2021, Attorney General Nessel filed a federal complaint for a permanent injunction against Cellar Collections, a wine retailer from Napa, California, for illegally shipping alcoholic beverages. The case was resolved by a consent decree on February 16, 2022.
- On January 4, 2022, General Nessel filed a federal complaint for a permanent injunction against Hunt Cellars, a winery in Paso Robles, California, for illegally shipping alcoholic beverages into the state.
- On March 16, 2022, General Nessel filed suits against three California retailers for violation of the Michigan Consumer Protection Act and the Twenty-First Amendment Enforcement Act due to illegal shipments of wine directly to Michigan consumers.
- In May 2022, a settlement between General Nessel and Wine.com resulted in Wine.com acknowledging it was illegally shipping wine to Michigan customers for years, agreeing to not renew its direct shipper license and paying a \$10,000 fee.

NORTH CAROLINA

SHIPPING LAW: In- and out-of-state wineries holding a federal basic wine manufacturing permit may apply for a wine shipper permit authorizing the holder to ship no more than two cases (24 bottles) of wine per month to North Carolina consumers.

CARRIER REPORTING DATA

- An investigation by the North Carolina Alcohol Law Enforcement of internet advertisements for



shipping alcoholic liquor caught six out-of-state retailers selling spirits directly to North Carolina residents, which is illegal. These out-of-state retailers were Frootbat (DE), Irokos Group (MA), LaPresa Liquor & Deli/The Barrel Tap (CA), Mission Trails Market/SipWhiskey.com (CA), Caskers (NY), and Vino Fine Wine and Spirits (NY).

ENFORCEMENT ACTIONS

- On May 3, 2022, the North Carolina Alcoholic Beverage Control Commission sent cease and desist letters to multiple out-of-state retailers that had been shipping illegally to North Carolina residents. Offenders were given 30 days to provide a receipt proving that North Carolina state taxes had been paid or be considered presumptively guilty of a felony.

NEW HAMPSHIRE

SHIPPING LAW: In- and out-of-state wine manufacturers with a direct shipper permit may ship up to twelve 9-liter cases of wine directly to New Hampshire consumers per year. The Commission may grant permission for additional shipments if the product is not otherwise available in New Hampshire.

CARRIER REPORTING DATA

- A [2018/2019 audit](#) of the New Hampshire Liquor Commission found that **the Division did not ensure compliance with the majority of direct shipping-related statutory and regulatory requirements**. Rules, SOPs, data, and program practices were inadequate, leading to illegal shipments, excessive shipments to individual consumers and licensees. (pg. 185)
- The audit found significant noncompliance with the 60 bottle per year alcohol shipping limit:
 - One consumer received at least 563 bottles in 2018, 503 more than the legal limit.
 - 1,425, or 4 percent, of all customers received more than the legal limit.
 - 440 customers received more than 100 bottles.
 - 46 received more than 200 bottles.
- Ten direct shippers illegally shipped nearly 5,000 bottles into New Hampshire during 2018. Four had already been on a list of shippers not allowed to do business in New Hampshire due to prior violations or improper practices.
- Nearly 12 New Hampshire licensees, without permission from the Commission, received shipments of over 200 bottles each for a total of at least 2,800 bottles illegally shipped into New Hampshire.

OHIO

SHIPPING LAW: In- and out-of-state wine manufacturers and brand owners producing less than 250,000 gallons per year with an S-permit may ship wine that the permit holder has manufactured to an Ohio consumer.

CARRIER REPORTING DATA

- “Shipping data reported to the Division of Liquor Control showed that, in 2019, Wine.com directly shipped about 24,000 packages of wine to Ohio consumers and Winc shipped about 13,000 packages. Those two companies alone delivered nearly 700,000 pounds, or 350 tons, of wine shipments to the state, all without paying Ohio taxes.” Read AG Yost’s [press release](#).
- In 2021, the Ohio legislature enacted a law requiring that the fulfillment centers used by alcohol producers to ship online orders must report to Ohio regulators information about each alcohol shipment into the state.



ENFORCEMENT ACTIONS

- In 2020, Ohio Attorney General Dave Yost filed the first lawsuit under the 21st Amendment Enforcement Act seeking to enjoin multiple out-of-state retailers from making illegal shipments into the state. The case resulted in several consent decrees that required the retailers to ensure that no further illegal shipments are made into Ohio.

TENNESSEE

SHIPPING LAW: An in- or out-of-state winery holding a federal basic permit may apply for a winery direct shipper's license to ship a maximum of 12 bottles per month and not more than 36 bottles during a calendar year to a Tennessee consumer.

CARRIER REPORTING DATA

- In the first seven months of mandatory carrier reporting, 185,000 shipments equaling approximately 1.2 million bottles of wine or spirits were shipped into the state. Read more [here](#) (page 3).

ENFORCEMENT ACTIONS

- After examining carrier reports, the Tennessee Alcohol Beverage Commission (TABC) ordered seven out-of-state businesses that were responsible for approximately 1,000 illegal direct-to-consumer shipments to cease and desist shipping alcohol into the state.
- In February 2020, the TABC ordered six unlicensed businesses to cease and desist further shipping operations in the state after successful undercover operations by TABC agents. Investigations by the TABC found that these businesses were illegally shipping alcoholic beverages directly to consumers in the state. Enforcement actions continue, and updates are posted at the [TABC website](#).
- In April 2020, the TABC requested FedEx and UPS to cease illegal alcohol shipments to Tennessee resident from Benchmark Wine Group after discovering it was responsible for over 240 separate illegal shipments occurring between July 2018 and July 2019.
- In September 2020, a cease-and-desist letter was sent by the TABC to the owners of the website caskcartel.com after TABC agents were able to order and receive illegally shipped liquor through an online transaction facilitated by the company's website.

VIRGINIA

SHIPPING LAW: Any winery or farm winery with a wine shipper's license may ship not more than two 9-liter cases of wine per month (24 9-liter cases per year) to any person in Virginia.

CARRIER REPORTING DATA

- The Virginia Alcoholic Beverage Control Authority examined carrier reports from June to September of 2018 and found 69,478 shipping transactions. Of those shipments, 26,963, or 39 percent, were shipped from unlicensed entities. See the presentation [here](#).
- Due to unlicensed shipments, the state lost an estimated \$62,770 in unpaid excise taxes during a four-month period in 2018. The study did not account for lost retail taxes, which would also have been a significant number. Find the full presentation [here](#).

ENFORCEMENT ACTIONS

- In the 2021 budget, the Virginia ABC received an additional \$1 million per year for 10 new DTC enforcement positions including four auditors, three non-sworn compliance agents, two special agents, and one license technician.



SUMMARY OF STATE COMMON CARRIER REPORTING LAWS

ALABAMA

CARRIER REPORTING REQUIREMENT: A common or permit carrier that ships and transports wine to a resident of the state shall file quarterly reports with the Tax and Trade Practices Division of the board of all wine shipments during the reporting period that report all the following for each shipment: (1) The name and business address of the person who directed the common or permit carrier to ship wine; (2) The weight of the shipment; (3) The name and address of the consumer to whom the wine was shipped; (4) A unique tracking number; and (5) The date of delivery.

FREQUENCY: Quarterly

PENALTIES: A willful failure by a common or permit carrier to comply with the reporting which continues for more than 30 days after receiving notice by the board or Department of Revenue of the failure may result in the suspension of the common or permit carrier's license to operate in the state or the imposition of any other penalty the relevant licensing authority in the state is authorized to impose.

SOURCE: [§28-1-4\(d\)](#)

FLORIDA

CARRIER REPORTING REQUIREMENT: "All common carriers of freight operating in the state shall file monthly reports with the division on forms to be prepared by the division which shall show in detail all shipments of alcoholic beverages transported by them to or from any point within the state."

FREQUENCY: Monthly

PENALTIES: (Not Express for carriers, general penalty for violating the statute) Misdemeanor of the second degree (1st offense) to felony of the third degree (subsequent offenses).

SOURCE: [§562.20](#)

HAWAII

CARRIER REPORTING REQUIREMENT: Common carriers that transport liquor from outside the State must file a monthly report with the liquor commission or liquor control adjudication board of each county with the following information: (1) The name of the common carrier; (2) The period of time covered by the report; (3) The name and business address of the consignor of the wine, beer, alcohol, or other liquor; (4) The name and address of each consignee of the wine, beer, alcohol, or other liquor; (5) The weight of the package delivered to each consignee; (6) A unique tracking number; and (7) The date of each delivery.

FREQUENCY: Monthly

PENALTIES: No penalty noted

SOURCE: [§281-33.8](#)

IOWA

CARRIER REPORTING REQUIREMENT: Iowa requires that alcohol carrier licensees maintain records of wine shipped including the license number and name of the manufacturer, quantity shipped, recipient name and address, and an electronic or paper copy of the recipient's signature.

FREQUENCY: Monthly

PENALTIES: Simple misdemeanor

SOURCE: [§123.187](#)



ILLINOIS

CARRIER REPORTING REQUIREMENT: Illinois requires that common carriers file a monthly report with the Department of Revenue stating the name of the company making the report, the period covered, the name and business address of each consignor of alcoholic liquor, the name and address of each consignee and the date or dates of delivery.

FREQUENCY: Monthly

PENALTIES: Class C misdemeanor

SOURCE: [235 ILCS 5/8-2](#)

KANSAS

CARRIER REPORTING REQUIREMENT: “The report shall contain: The name of the express company or other common carrier that delivers the alcoholic liquors; the period of time covered by the report; the name and business address of the consignor of such alcoholic liquors; the weight of the package delivered to each consignee; a unique tracking number; and the date of delivery.”

FREQUENCY: Monthly

PENALTIES: Civil penalty of not more than \$500

SOURCE: [§41-511](#)

LOUISIANA

CARRIER REPORTING REQUIREMENT: All transporters of still or sparkling wine must submit a report monthly to the ATC that contains the date of all shipments, name of the shipper, shipper address, name of recipient, address of recipient, tracking identification number, date of delivery, total package weight, quantity of each shipment and the volume of wine shipped.

FREQUENCY: Monthly

PENALTIES: \$25,000 civil penalty

SOURCE: [RS 26:359](#)

MARYLAND

CARRIER REPORTING REQUIREMENT: Common carriers must report quarterly to the Comptroller the date of each delivery of wine in the state, the name and address of the direct wine shipper, and receiving consumer of each delivery.

FREQUENCY: Quarterly

PENALTIES: No penalty noted.

SOURCE: [§2-152](#)

MICHIGAN

CARRIER REPORTING REQUIREMENT: Common carriers that transport alcoholic liquor into Michigan must submit quarterly reports to the Liquor Control Commission. The report must include the name and business address of the shipper, the name and address of the recipient, the weight of alcoholic liquor delivered and the date of delivery. Such records must be retained for three years unless otherwise notified by the Commission.

FREQUENCY: Quarterly

PENALTIES: No penalty noted (penalty section seems to exclude common carriers).

SOURCE: [§436.1203](#)



NORTH DAKOTA

CARRIER REPORTING REQUIREMENT: Licensed alcohol carriers must report monthly to the tax commissioner on forms prescribed by the commission. They must maintain records of alcoholic beverages shipped into the state including the name of the direct shipper, the name of any licensed logistics shipper, the date of each shipment, the recipient's name and address, and an electronic or paper form of signature from the recipient of the alcoholic beverages.

FREQUENCY: Monthly

PENALTIES: For a first violation, the tax commissioner shall notify, by certified mail, the person and order that person to cease and desist any shipment of alcoholic beverages in violation and shall assess a civil penalty of one hundred dollars for each illegal shipment. For a second violation, the tax commissioner shall assess a civil penalty of two hundred dollars for each illegal shipment. For any subsequent violation, the tax commissioner shall assess a civil penalty of five hundred dollars for each illegal shipment.

SOURCE: [§5-01-16-6-b](#)

NEW HAMPSHIRE

CARRIER REPORTING REQUIREMENT: Licensed common carriers must report deliveries of alcoholic beverages to the Liquor Commission monthly and retain adult signature records for at least six months from the date of delivery.

FREQUENCY: Monthly

PENALTIES: A fine of \$100 and a commission order detailing the correcting action required.

SOURCE: [§1104.01](#)

OHIO

CARRIER REPORTING REQUIREMENT: Ohio requires that all transporters of beer or intoxicating liquor into the state to an individual prepare a monthly report that is submitted to the Division of Liquor Control. The report must contain name of person preparing and submitting the report, period of time covered, name and business address of each consignor of the beer or intoxicating liquor, name and address of each consignee, weight and tracking number assigned to each delivery and the date of delivery. These records must be maintained for two years after submission unless otherwise directed by the Division.

FREQUENCY: Monthly

PENALTIES: Permit license suspension or revocation

SOURCE: [§4303.22](#)

OKLAHOMA

CARRIER REPORTING REQUIREMENT: Oklahoma requires that all common or contract carriers that bring beer, wine, or spirits for delivery into the state prepare and file a quarterly report with the Tax Commission indicating the name of company, period of time covered by the report, name and business address of each shipper (of the beverage alcohol- winery, etc.), weight of the package shipped, unique tracking number, and the date of the delivery. quantity of alcoholic beverages delivered, and date of the delivery.

FREQUENCY: Quarterly

PENALTIES: Written reprimand (1st offense) then fines of \$2,500 (2nd offense), \$5,000 (3rd offense), or \$10,000 (all subsequent offenses).

OTHER: Reports not accessible to public.

SOURCE: [§37A-3-106](#)



SOUTH DAKOTA

CARRIER REPORTING REQUIREMENT: South Dakota requires that wine carriers file quarterly reports with the Department of Revenue that include the business name and address of the direct shipper for each shipment, the date of shipment, the name and address of shipment recipients in South Dakota, the weight of each package shipped and the tracking number of each shipment. A report must be filed even if no business was transacted during the reporting period.

FREQUENCY: Quarterly

PENALTIES: No penalties noted.

SOURCE: [§35-12B-12](#)

TENNESSEE

CARRIER REPORTING REQUIREMENT: Tennessee requires that all common carriers contracting with a direct (wine) shipper) for delivery into Tennessee prepare and submit a monthly report to the Department of Revenue including the name of the common carrier making the report, the period of time covered by the report, the name and business address of the consignor, the name and address of each consignee, the weight of the package delivered to each consignee, a unique tracking number, and the date of delivery.

FREQUENCY: Monthly

PENALTIES: Fine up to \$500 for each unreported delivery.

SOURCE: [§57-3-217\(h\)](#)

TEXAS

CARRIER REPORTING REQUIREMENT: Texas requires that each holder of a common carrier permit make a monthly report to the Alcoholic Beverage Commission that includes an accurate account of all alcohol transported by the carrier in interstate commerce during the reporting period. It must also include the date of shipment, consignor, point of origin, consignee, destination, freight bill number, number of packages, kind of commodity shipped and date of delivery. If no shipments were made, a report indicating this must be filed.

FREQUENCY: Monthly

PENALTIES: No penalties noted.

SOURCE: [§41.13](#)

VIRGINIA

CARRIER REPORTING REQUIREMENT: Virginia requires that common carriers that have obtained approval from the Department of Alcoholic Beverage Control (ABC) to ship wine for wine shipper licensees or internet wine retailers must file quarterly reports for the previous calendar quarter. The report must include date of shipment and delivery, number of items shipped and delivered, weight of items shipped and delivered, acknowledgement signed by recipient, and names and addresses of shippers and recipients.

FREQUENCY: Quarterly

PENALTIES: Administrative procedures, including suspension/revocation of a license.

SOURCE: [§3VAC-70-220](#)



SUMMARY OF STATES' COMMON CARRIER RECORDKEEPING LAWS

Some states do not require common carriers to file reports of alcohol shipments at mandated intervals but do require that records be accessible to state alcohol or tax regulators upon request.

ARIZONA

CARRIER RECORDKEEPING REQUIREMENT: Arizona requires common carriers transporting wine into Arizona to keep records of the wine shipped. The records must include: the name of the licensee making the shipment, the address of the licensee making the shipment, the license number, the date of shipment, the address at which delivery is to be made, and the amount shipped. Common carriers must make the information available to the Department on request.

PENALTIES: None listed (just remit on request requirement)

SOURCE: [§4-203.04](#)

GEORGIA

CARRIER RECORDKEEPING REQUIREMENT: Carriers transporting alcoholic beverages into the state are required to submit monthly bills of lading. Bills of lading do not include license number or business names and are not useful when trying to identify illegal shipments.

FREQUENCY: Monthly

PENALTIES: No penalties noted

SOURCE: [Rule 560-2-5-.03](#)

IDAHO

CARRIER RECORDKEEPING REQUIREMENT: "Delivery persons" delivering wine to Idaho residents on behalf of a wine direct shipper permittee must keep the consumer's signature record for a minimum of one year.

PENALTIES: The director may enforce the requirements of the section by administrative proceedings, suspend/revoke permits, and accept payment of offer in compromise.

SOURCE: [§23-1309A\(9\)](#)

MISSOURI

CARRIER RECORDKEEPING REQUIREMENT: Alcohol carriers must keep records of wine shipped including the license number and name of the winery or retailer, quantity of wine shipped, recipient's name and address, and an electronic or paper form of signature from the recipient of the wine.

PENALTIES: No penalties noted.

SOURCE: [§311.185](#)

MONTANA

CARRIER RECORDKEEPING REQUIREMENT: All motor carriers transporting table wine into Montana must, if requested by the Department of Revenue, provide reports of the amount of table wine transported and delivered in the prior month. The report must include the name and address of consignor and consignee, the date of delivery and the amount delivered.



PENALTIES: Misdemeanor punishable with up to 6 months in county jail, a fine up to \$500 dollars, or both.

SOURCE: [MCA §16-3-405](#); [ARM 42.13.1301](#)

NEVADA

CARRIER RECORDKEEPING REQUIREMENT: Common carriers and regularly operating contract carriers must make available to the Department a statement or freight bill for every shipment of liquor into Nevada. The bill must include the names of the consignor, consignee and carrier of the shipment, the date when and place where the shipment was received, and the destination of the shipment.

PENALTIES: Misdemeanor and any unauthorized shipments shall be auctioned off to the highest bidder or destroyed.

SOURCE: [NRS §369.450](#)