

CREDIT COMPLIANCE CORPORATION

941 Whitehorse Ave
Suite #17
Trenton, New Jersey 08610-1497

(609) 585-8000
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Michael I. Halfacre, Esq.
President

November 5, 2018

David P. Rible, Director
State of New Jersey
Department of Law and Public Safety
Division of Alcoholic Beverage Control
P.O. Box 087
Trenton, NJ 08625-0087

VIA EMAIL AND REGULAR MAIL

Re: In the Matter of the Application of Credit Compliance Corporation
Petition Seeking Relaxation of NJAC 13:2-24.4

Dear Director Rible:

Please find enclosed an original and two copies of a Petition filed on behalf of Credit Compliance Corporation seeking the relaxation of N.J.A.C. 13:2-24.4 in relation to electronic Notices of Obligation.

By copy of this letter and accompanying documents, I am advising each of the major alcoholic beverage industry associations of this request.

Thank you for your time and attention to this matter.

Very truly yours,



Michael I. Halfacre, Esq.

cc: Jeffrey Warsh, Wine and Spirits Wholesalers Association
Diane Weiss, New Jersey Licensed Beverage Association
Paul Santelle, New Jersey Liquor Store Alliance
Mary Lou Halvorsen, New Jersey Restaurant and Hospitality Association

MICHAEL I HALFACRE, ESQ.

Credit Compliance Corporation
941 Whitehorse Avenue
Suite 17
Trenton, NJ 08610
609-585-5900
Attorney for Petitioner

IN THE MATTER OF THE APPLICATION
OF
CREDIT COMPLIANCE CORPORATION

APPLICATION SEEKING
RELAXATION OF THE
PROVISIONS OF N.J.A.C.

13:2-24.4

David Rible, Director
New Jersey Division of Alcoholic Beverage Control
Department of Law and Public Safety
P.O. Box 087
140 East Front Street
Trenton, NJ 08625

Acting Counsel to the Director Alyssa Wolfe, DAG
New Jersey Division of Alcoholic Beverage Control
Department of Law and Public Safety
P.O. Box 087
140 East Front Street
Trenton, NJ 08625

Please accept this Application and the attached Certifications in support thereof in connection with the Applicant's seeking relaxation pursuant to N.J.A.C. 13:2-9.1 of N.J.A.C. 13:2-24.4 relating to the Regulation of Wholesaler Credit and the requirement that Notices of Obligation be served personally or via United States Postal Service First Class Mail.

Date: November 5, 2018


By: Michael I. Halfacre, Esq.

MICHAEL I HALFACRE, ESQ.

Credit Compliance Corporation
941 Whitehorse Avenue
Suite 17
Trenton, NJ 08610
609-585-5900
Attorney for Petitioner

IN THE MATTER OF THE APPLICATION
OF:

CREDIT COMPLIANCE CORPORATION

CERTIFICATION OF
MICHAEL I. HALFACRE
PRESIDENT, CREDIT
COMPLIANCE
CORPORATION
IN SUPPORT OF AN
APPLICATION SEEKING
RELAXATION OF THE
PROVISIONS OF N.J.A.C.
13:2-24.4

1. I, Michael I. Halfacre, am the President and CEO of Credit Compliance Corporation, Trenton, New Jersey, and as such am familiar with the facts and circumstances set forth herein and am an authorized signatory for the purposes of this Petition.
2. Credit Compliance Corporation is a New Jersey for-profit corporation that provides assistance to New Jersey-licensed wholesalers in complying with the New Jersey regulation relating to the extension of wholesaler credit to New Jersey licensed retailers of alcoholic beverages. (N.J.A.C. 13:2-24.4, commonly known as the “credit regulation” or simply “credit reg”)
3. In a nutshell, the credit reg requires all wholesalers to extend credit on equal terms to all retailers, and if credit is extended to a retailer, credit may only be extended for a maximum period of thirty days. The credit reg also sets forth very specific notice requirements for compliance with the thirty-day rule, including the requirement that any

retailer that has not paid an invoice within thirty days must go on COD until the invoice(s) are satisfied.

4. In order to ensure compliance with the credit reg, the regulation sets forth that a "Notice of Obligation" must be served upon a retailer either "personally or by first class mail" upon the expiration of the thirty-day credit period.
5. Three days thereafter, a "Notice of Delinquency" must be served upon the retailer and upon other wholesalers, advising all that the retailer is on COD.
6. Credit Compliance Corporation facilitates compliance with the credit reg by both maintaining a database of all retailers on COD and by communicating to wholesalers which retailers are on COD.
7. The credit reg allows service of the Notice of Delinquency via electronic communication, and beginning last February, Credit Compliance began serving retailers Notices of Obligation exclusively via email.
8. The transition from regular mail to email has been a tremendous success. For example, in the month of July 2018 Credit Compliance would have sent via US Mail 12,458 Notices of Delinquency. As a result of the new system, only 170 Notices of Delinquency had to be sent via US Mail.
9. The email system is not only more efficient, but it has also led to increased compliance with the credit regulation, in that "extra" days for mailing have been eliminated, ensuring that credit is not extended past the intended time frame of the regulation.
10. In fact, it is the perceived "loss" of those mailing days that is the primary complaint received from retailers. (fewer than ten of the over 8,000 New Jersey licensed retailers

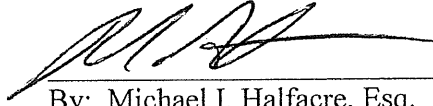
have voiced any complaints directly to Credit Compliance) (Most complaints are related to an email address change or a Notice sent in error)

11. The purpose of this Certification and the accompanying Petition is to seek the relaxation of the credit reg, pursuant to N.J.A.C. 13:2-9.1 to allow wholesalers, and, specifically, Credit Compliance, to serve Notices of Obligation electronically upon retailers through the existing Credit Compliance system.
12. Credit Compliance is currently undergoing a significant modification and re-writing of the software backbone that the system operates on, and the timing is appropriate to program this new functionality at a relatively modest cost.
13. As for the potential savings to wholesalers, please see the accompanying Certification of Mark Kramer setting forth the current cost of compliance.
14. Since the vast majority of communications between wholesalers and retailers are through electronic mail or in person, it makes substantial sense that Notices of Obligation may also be sent via electronic mail.
15. This relaxation request meets the requirements of N.J.A.C. 13:2-9.1 in that it will relieve many, if not most, wholesale licensees of an economic burden; since so much commerce is conducted via electronic mail, it will not unduly burden any other party; and the waiver or relaxation is consistent with the underlying purposes of Title 33, in that it will continue to ensure compliance, and may even increase compliance with the credit regulation.
16. In fact, the emailing of Notices of Obligation will encourage compliance with the credit reg to an even greater degree than the emailing of Notices of Delinquency. Since the retailers will have almost "real time" notice, compliance will be more likely.

17. I am aware that if the State of New Jersey grants this request for a waiver, that the State of New Jersey is entitled, upon notice and an opportunity to be heard, to rescind the relaxation.
18. I am aware that if any of the foregoing statements made by me are willfully false, that I am subject to punishment.

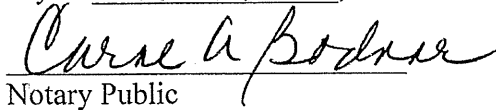
(Signature Page Follows)

Date: November 5, 2018

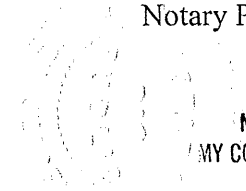


By: Michael I. Halfacre, Esq.
President, Credit Compliance Corporation

Sworn to and subscribed
before me on this 5
day of November, 2018



Notary Public



CAROL A. BODNAR
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES SEPT. 13, 2023

MICHAEL I HALFACRE, ESQ.

Credit Compliance Corporation
941 Whitehorse Avenue
Suite 17
Trenton, NJ 08610
609-585-5900
Attorney for Petitioner

IN THE MATTER OF THE APPLICATION
OF:

CREDIT COMPLIANCE CORPORATION

CERTIFICATION OF
MARK KRAMER,
PRESIDENT, KRAMER
BEVERAGE
IN SUPPORT OF AN
APPLICATION SEEKING
RELAXATION OF THE
PROVISIONS OF N.J.A.C.
13:2-24.4

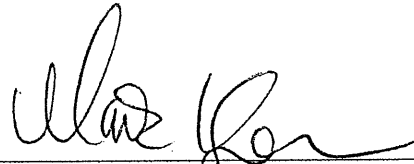
1. I, Mark Kramer, am the President and CEO of Kramer Beverage Company, Hammonton, New Jersey, and as such am familiar with the facts and circumstances set forth herein and am an authorized signatory for the purposes of this Petition.
2. Kramer Beverage is a New Jersey Licensed Plenary Wholesaler under New Jersey's alcoholic beverage regulatory scheme. As such, Kramer Beverage, in its obligation to comply with all statutes, rules and regulations, must comply with N.J.A.C. 13:2-24.4, commonly known as the "credit regulation" or simply "credit reg".
3. In a nutshell, the credit reg requires all wholesalers to extend credit on equal terms to all retailers, and if credit is extended to a retailer, credit may only be extended for a maximum period of thirty days. The credit reg also sets forth very specific notice requirements for compliance with the thirty-day rule, including the requirement that any retailer that has not paid an invoice within thirty days must go on COD until the invoice(s) are satisfied.

4. In order to ensure compliance with the credit reg, the regulation sets forth that a "Notice of Obligation" must be served upon a retailer either "personally or by first class mail" upon the expiration of the thirty-day credit period.
5. Three days thereafter, a "Notice of Delinquency" must be served upon the retailer and upon other wholesalers, advising all that the retailer is on COD.
6. Credit Compliance Corporation facilitates compliance with the credit reg by both maintaining a database of all retailers on COD and by communicating to wholesalers which retailers are on COD.
7. The credit reg allows service of the Notice of Delinquency via electronic communication, and beginning last February, Credit Compliance began serving retailers Notices of Obligation exclusively via email. Please see the Certification of Michael I. Halfacre, Esq. for details on that transition. However, it appears that not only is the new system more efficient, but it has increased compliance with the credit regulation by eliminating delay due to mailing issues.
8. The purpose of this Certification and the accompanying Petition is to seek the relaxation of the credit reg, pursuant to N.J.A.C. 13:2-9.1 to allow wholesalers, and, specifically, Credit Compliance, to serve Notices of Obligation electronically upon retailers through the existing Credit Compliance system.
9. At Kramer Beverage, we typically mail via the United States Postal Service (USPS) approximately 100 Notices of Obligation per day, or 2,000 per month.
10. Our average cost to send these Notices of Obligation include printing of the Notices, man hours to review the Notices, plus folding, sealing and postage for the Notices, exceeds \$1,800.00 per month.

11. Virtually all other communications between our employees and retailers are through electronic mail or in person. Other than the mailing of Notices of Obligation, there are no other documents, papers or invoices sent via USPS.
12. This relaxation request meets the requirements of N.J.A.C. 13:2-9.1 in that it will relieve many, if not most, wholesale licensees of an economic burden; since so much commerce is conducted via electronic mail, it will not unduly burden any other party; and the waiver or relaxation is consistent with the underlying purposes of Title 33, in that it will continue to ensure compliance, and may even increase compliance with the credit regulation.
13. I am aware that if the State of New Jersey grants this request for a waiver, that the State of New Jersey is entitled, upon notice and an opportunity to be heard, to rescind the relaxation.
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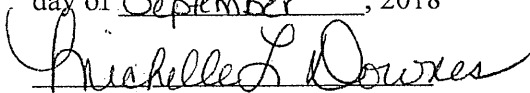
(Signature Page Follows)

Date: September 5, 2018



By: Mark Kramer, President and CEO

Sworn to and subscribed
before me on this 5th
day of September, 2018


Notary Public

MICHELLE L. DOWNES
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 1, 2020