

DIRECTIONS FOR CHANGE OF OWNERSHIP - DBR LIQUOR LICENSE HOLDERS

This only applies to DBR-Issued licenses (manufacturer, wholesaler, etc.). You must contact the municipality for information about local liquor license processes (restaurant/bar, liquor store, etc.).

This only applies to changes in ownership where there is no change in the location of the premises or scope of activities. If the situation involves changes other than ownership, please contact DBR to discuss the appropriate process.

REQUIRED REPORTING

This section explains reporting obligations for DBR licensees.

Holders of DBR liquor licenses are required to report certain changes in ownership to DBR no later than 30 days after the change. R.I. Gen. Laws § 3-5-10(b)(2). This includes any new officer, director, or LLC manager. This also includes any new person acquiring 10% or more ownership interest. “New” person refers to someone who was not listed on the original license application. Licensees should NOT wait until the next renewal to report changes in ownership. Instead, licensee should submit a written notice of the change to DBR as soon as possible, and no later than 30 days after the change. It is advisable to submit a proposed change in advance of making the change. When DBR receives an ownership change reporting, DBR will review the change for approval. It is discretionary whether a hearing is held in such cases. DBR has authority to disapprove the change, requiring removal/divestiture.

If a new person will be acquiring 50% or more ownership, the licensee must apply for pre-approval of the change by following the full process for a transfer of the license to the new ownership structure.

FULL TRANSFER OF OWNERSHIP PROCESS

If a full transfer application and hearing is required, follow the below instructions.

1. Submit a letter indicating that you are applying to change ownership and specifying the former and new corporate and individual owners and describing the associated transactions in detail. Answer the following questions in your letter:
 - A. The contact information, % ownership, and any board/executive title for each new owner/officer;
 - B. For each new owner/officer, answer whether the person holds any ownership or control in any other liquor business in Rhode Island or another state. For any such interest identified, provide further information regarding the nature/extent of such interest, the type of liquor business at issue, and whether such business has any disciplinary history with the applicable liquor regulatory agency.
2. Include the following documents with your cover letter:
 - A. Transactional documents associated with the change in ownership (e.g. purchase agreement);

- B. Documentation showing that the current license holder intends to transfer the license, or current owner intends to transfer their interest (this may be addressed in the transactional documents);
 - C. TTB permit showing new owners for the licensed Premises;
 - D. Tax Affidavit for any new entity or individual becoming a license holder / owner.
 - E. Criminal background check for any new entity or individual becoming a license holder / owner (from Rhode Island, and, if residing outside the state, the state of residence as well);¹
 - F. Email Communication Form.
3. For brewpub only, you must submit documentation that the local liquor license has been transferred to the same new owner(s).
 4. For a wholesaler only, you must provide evidence that manufacturers have committed to use the wholesaler for distribution of its products. For a transfer of ownership, this may be addressed through certain provisions in the transactional documents regarding assignment of contracts, or you may submit letter(s) from the manufacturers stating their intent to continue distribution after the change in ownership.
 5. Once you have submitted all of the above to DBR, you will be contacted regarding the date of the public hearing and the requirements for the newspaper advertisement. The statute requires advertisement of the hearing in the newspaper during two consecutive weeks before the hearing. Newspapers require lead time to prepare and publish the notices. Newspaper notices must be paid by the applicant. There is no abutter notice requirement for a true transfer in ownership without a change in location.
 6. At or before the public hearing, you will need to address the following per 3-5-19. It is suggested you submit an affidavit to address these points with your application.
 - (a) that “indebtedness of the [former] licensee incurred in the operation of the licensed premises shall be paid to or released by [any] objecting creditor;”
 - (b) that there are no “outstanding police detail bills;” and
 - (c) that the applicant understands that it “assumes [any] penalties that the [DBR] has imposed upon the [former] license” and confirms that it is not aware of any such disciplinary history.
 7. Pursuant to Rule 1.4.31, manufacturer and wholesaler licensees need to submit a list of salespersons making sales in Rhode Island. If the entity holding the license is changes as a result of the transfer application, each salesperson will need to apply for a new sales permit at the next renewal cycle (occurring in December each year) to list the new entity for which they will be making sales in Rhode Island.

¹ If the owners have recently submitted criminal background checks to DBR in conjunction with another application process, please contact DBR to determine if you qualify to submit an update affidavit instead of new background check documents.

8. There is no DBR fee for a license transfer.
9. Contact the Department to determine if an inspection will be required, which depends on the nature of ownership change, any changes in the operation, and the time elapsed since the last inspection.