The Monthly Mash

Volume 1.12

Member-Owned, Industry-Driven

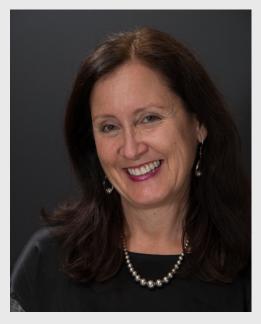


ACSA Mission: To elevate and advocate for the community of craft spirits producers.

From the Desk of Margie A.S. Lehrman, Executive Director

Inspirational quotes can help us move beyond our current situation, providing hope, motivation, or simple reinforcement. I personally clung to Soul Surfer Bethany Hamilton's mantra, "I don't need easy...I just need possible" as I fought to regain my own strength after being hit with a health trauma during the prior month. But, I wasn't alone. As I lie recuperating, I watched the uprooting of lives from Mother Nature's devastation in the Caribbean, Florida, Texas, and Puerto Rico. I was reminded, "possible" doesn't happen without the help and support of a community, a web of friends, and colleagues who make the "possible" somehow "easier".

A big THANK YOU to the outpouring of concern and support from the ACSA family and craft spirits industry. As my life slowly returns to "normal", ACSA wishes the same for our colleagues in areas hard hit or in any way connected to the Las Vegas tragedy. Please let us know how your association—



ACSA-might make your life a bit easier and be that community upon which you can rely.

In my 'hiatus', ACSA volunteers (board, committee members, and pro bono teammates) and staff

worked overtime. Weekly industry calls kept the FET fight moving, education committee members organized for the March 2018 convention, the spirits judging launched, and a handful of craft distillers met with consumers in L.A. A hot September fueled an energetic month.

What's ahead?

Engage with your trade group: Join this week's Town Hall Forum to learn about the FET, enter your spirits in our competition which with the NEW SCHEDULE takes place early next month, and sign-up for the webinar on Acquisitions. Also, be on the lookout for a membership survey which will be released within the week and stay tuned for the release of our Craft Spirits Data Project report.

Once again, my warmest thanks for your cards, notes, and thoughtfulness during my malady. I'm back and with my return, my renewed commitment to work on your behalf.

Cheers -

Margie A.S. Lehrman Executive Director

The Media is Talking About Taxes: What's Happening?

While you've been busy in your distillery, we've been busy in Washington, DC. Since the legislative fly-in, we've been organizing targeted outreach to key legislators, recruiting third-party support from our suppliers, and participating in weekly calls with our industry partners. The Senate reached a majority of co-sponsors last week on Senator Ron Wyden's [D-OR] Craft Beverage Modernization and Tax Reform Act, S.236. See our media release <u>here</u>.

Want to know more? Please join us on **Friday, October 6th at noon EDT** at the ACSA Town Hall Forum to hear from our lobbyist, Jim Hyland from the Pennsylvania Avenue Group, as to the status of the current legislation. As of this writing, the tax proposal offered by the Administration does not include the reduction in the Federal Excise Tax. What are the prospects? What are the next steps? How can we help? These questions and more will be answered during this <u>free webinar</u>.

Sign Up Today!

Craft Spirits Classroom: Quenching Your Thirst for Knowledge

Do You Have Questions About ACQUISITIONS? We Have Answers

Have you ever considered selling your distillery? During this webinar, presented by Ryan Malkin and Dan Gasper, we will delve into various options regarding a potential acquisition. Perhaps you're entering into a national distribution agreement with a major supplier, selling just one brand under your umbrella, a strategic partnership, or simply walking away and making a complete sale.

Who: Ryan Malkin, pro bono counsel for ACSA whose practice focuses on the alcohol beverage industry (find out more below in our Q&A), and Dan Gasper, COO of Distill Ventures, who has presented webinars and classes for ACSA in the past including "Go Deep, Not Wide: Gaining Traction in One Market."

When: Wednesday, October 18, 3:00-4:00 PM EDT

Where: Online!

Level: All levels welcome!

Register Here

ACSA's 2017/2018 Craft Spirits Competition: Meet Your Judges



ACSA's annual Craft Spirits Judging Competition takes place November 7th and 8th in Washington, DC at District Distilling Co., this year's competition location. Forty talented and distinguished judges will evaluate the spirits and provide detailed tasting notes. Submit your spirits <u>here</u>.

All spirits must be registered by midnight on **October 27th** and received no later than **November 1st**. The results will be announced at our fifth annual **Distillers Convention and Vendor Trade Show** in March.

The early bird deals may be done but you can still save money on spirits submissions by being a member of ACSA. Plus, members get discounts on convention tickets, educational webinars, and access to members-only press releases and industry news. Sign up <u>here</u>.

Want to know who will be judging your submissions? Here are just a few of our judges:



Martin Cate is a rum and exotic cocktail expert and the owner and creator of Smuggler's Cove in San Francisco. Martin is a passionate rum collector and conducts educational seminars and judges rum and cocktail competitions across the United States, Europe and the Caribbean. He is also the co-owner of Hale Pele in Portland, False Idol in San Diego, and a partner in Lost Lake in Chicago. Martin's 2016 book "Smuggler's Cove: Exotic Cocktails, Rum, and the Cult of Tiki" won the 2017 James Beard Foundation Award for Best Beverage Book and the 2017 Spirited Award for Best Cocktail Book.

Chris Chamberlain is a food, drink, wine, spirits, travel and personal interest writer based in Nashville, Tennessee. He is a regular writer for the *Nashville Scene* and their "Bites" food blog as well as *Nashville Lifestyles* magazine. He is the Southern correspondent for FoodRepublic.com. As a travel writer, he is a regular contributor to

Thrillist, GetawaysForGrownups.com and as a local editor for Google and Zagat as well as *Conde Nast Traveler* and *The Local Palate*.





Amy Zavatto is a writer whose spirit-centric work appears in *Liquor.com*, *Whisky Advocate*, *Imbibe*, *Brides*, *Beverage Media*, and many others. She is currently working toward the Level IV Diploma in Wine & Spirits with the Wine & Spirits Education Trust. Amy believes that great and diverse products as well as judges with breadth and depth of experience makes a great judging competition.

Heather Greene is a world-leading spirits expert, media's "go-to" thinker on the topic of spirits, and the author of "Whiskey Distilled, A Populist Guide to the Water of Life " on Viking Studio, an imprint of Random House Penguin. She was The Director of Whiskey Education and sommelier at The Flatiron Room in Manhattan from 2012-2014 where her classes sold out regularly. She is an award-winning ambassador, the first American Woman to Serve on the Scotch Malt Whisky Society in Edinburgh, and celebrated writer— her book was shortlisted in the *New York Times* as well as being selected by Tales of the Cocktail as one of the ten best spirits books of the year. She is also certified by France's Bureau National International Professionnel Du Cognac as one of the few who hold a Cognac Educators Foundation Diploma in the United States.





Steve Beal is admired and well known by top-shelf bartenders, chefs, waitpersons, as well as whisky enthusiasts around the world. Before his retirement from corporate life, he served as full time official brand ambassador for some of the world's iconic whisky brands.

For most of his whisky career, Steve was one of Diageo's original Masters of Whisky and Sr. Master of Whisky for DIAGEO Spirits on the U.S. West Coast at the time of his official retirement in 2015. He has also

worked in the industry in a variety of capacities and was a pioneer in distilled spirits internet sales.

In addition to his former role as Master of Whisky, Steve is known as a writer, chef, broadcast personality and international spirits competition judge. He currently serves on the management committee of the U.S. Bartenders Guild Master Mixologist Accreditation program and was one of its founders.

Submit Your Spirits Here

Regional Focus: Los Angeles, CA



This past month Los Angeles played host to the <u>Cocktails in the City</u> event, celebrating craft cocktails and stellar spirits in the City of Angels. Several ACSA members were in attendance— read below for their experience at the event. Los Angeles is home to world-class restaurants and bars. Check them out on your next visit.

The Varnish may seem unassuming from the street--in fact it's hidden in the back of Cole's behind an oak door—but its pedigree precedes it. This downtown LA haunt has won Tales of the Cocktail Spirited Award for Best American Bar and is considered one of the 50 best bars in the world. Order one of their classic cocktails or let the bartender decide. Trek out to Mar Vista to visit Accomplice Bar, one half of the former Status Kuo (the other half is the Asian fusion restaurant, Little Fatty). Accomplice is a sleek, modern cocktail lounge on the quieter side. Order a classic cocktail or try one of the riffs like, "new fangled old fashioned." Drive down Hollywood Boulevard and pop into Harvard & Stone. This Los Feliz joint is home to live music and funky craft cocktails. Find your way to the back and sample some experimental cocktails from at the Research & Development bar. If you're looking for rum cocktails, <u>Caña Rum Bar</u> is the spot for you. Caña replicates Caribbean cocktails and vibes in this cozy downtown LA bar.

Drive south of LA to visit <u>Pacific Coast Spirits</u> in Encitas, CA. Pacific Coast blends true craft spirits with fresh food. Currently, Pacific Coast is fighting to open a grain-to-glass distillery and farm-to-table restaurant in Carlsbad, CA. For now, trek down to their Encitas farmhouse and sample some fresh food and spirits.

Cocktails in the City: ACSA Takes on LA



Last week, several ACSA member distilleries attended Cocktails in the City, a typically UK-based cocktail festival, in Los Angeles, CA. Cocktails in the City offered LA the chance to showcase its craft cocktail scene as some of the city's best bartenders and mixologists dished out classic and original drinks. The event also offered craft distilleries the chance to get their products in front of thirsty drinkers and highlight what makes their spirits unique. We chatted with a few of our members, who attended the event, about how the success of the festival.



How was your overall experience at Cocktails in the City?

Colin Spoelman, Co-Founder & Master Distiller of Kings County Distillery: Overall it was a good experience, though a very long time commitment—it's a lot to ask the distiller or head of a distillery to do a 9-hour event. That said, I think we would do it again, I'd just solicit help to cover the table so it doesn't go on quite as long for my part (knowing I had a baby getting up at 6:30 in the morning).

Amber Pollock, Co-Founder of Backwards Distilling: It was



an exceptional consumer event! The space was beautiful, the event manager was very helpful, the attendance was amazing and it was for a great cause!

What are some of the benefits of pouring at an event like Cocktails in the City?

AP: This event was very helpful in starting to get some consumer buzz going for us in the market. Our brand just became available in LA so this was a great way to help us get the word out. There were also some buyers in attendance and getting to meet them at our booth resulted in follow up meetings for us later in the week and eventual product placement.

Lars Hubbard, Founder & Distiller of Appalachian Gap Distilling: The main benefit is association with some other craft distilleries, and with craft spirits in general. To be blunt, the number of people that go away from an event like that who remember us (or any other distillery) is somewhat limited. An event like this brings together lots of folks who are working as

cocktail consultants, brand ambassadors, and the like, as well; it is valuable to get on their radar.

Were you able to see a growth in appreciation for craft spirits?

CS: Most people were pretty engaged with the tasting stations and wanted to know more. It's always reassuring when people are truly confronted with something different, authentic, and interesting, so it was refreshing to see your product through their eyes.

AP: I could see a huge appreciation for craft spirits. People were very excited to know that the people giving them samples were the people who actually made the product. They were very interested in the stories of the brands and excited to try new products.

What were some of the reasons you decided to sign up for the event?

LH: The main reason was exposure: we just entered the California market, and this was a chance for us to introduce ourselves to the LA market in a setting that I hoped would get us in front of lots of folks. I think we only poured about 400 tastes, which is not great. However, I think it was worth the trip.

AP: The timing of this event was great for us! We just started our sales initiatives in this market and it was a great chance for us to get some boots on the ground in California and start generating some excitement about the products. ACSA's help to make the event accessible to members was another major reason we decided to sign up.

CS: I signed up because the table was free—it recognizes that we are all small businesses and to get the best of us, that's something an event should recognize. So that aspect of it, I think, worked out very well. I enjoyed chatting to peers and it felt very authentic that way. So thrilled that ACSA organized it, and suggests opportunities for more.



Welcome Newest Voting and Affiliate Members!

ACSA extends a warm welcome to a few of our newest members:

- Spirits of Gettysburg Distillery (PA)
- <u>Casey Jones Distillery</u> (KY)
- Derelict Airship Distillery (TX)
- Wright Global Graphics (NC)
- <u>G. W. Kent, Inc.</u> (MI)
- Cloonaughill Celtic Malts Inc. (PA)
- Anchor Hocking Bottles (OH)
- The 11 Wells Spirits Company (MN)
- <u>Willie's Distillery</u> (MT)
- <u>Crooked Water Spirits</u> (MN)
- Port Chilkoot Distillery (AK)
- State 38 Distilling (CO)
- Lawrenceville Distilling (PA)
- RockFilter Distillery (MN)

Find out more about becoming a member here.

A Q&A with Your ACSA Team

We asked two members of the ACSA family to answer a few questions about their experience in the craft spirits community and the challenges facing the industry. Read below to find responses from Jim Hyland, <u>ACSA's lobbyist</u> on Capitol Hill, and Ryan Malkin, pro bono <u>counsel</u> for ACSA whose practice focuses on the alcohol beverage industry.

Can you describe the lobbying work you do for the industry?

Jim Hyland: "I work very closely with the ACSA President, Mark Shilling, Executive Director Margie A.S. Lehrman and our Legislative Committee. It is my job to promote our industry in the U.S. Congress, and to connect our members to their legislators. We have a weekly call with the President and Legislative Committee to discuss events and issues in Washington, DC. We also discuss strategy as to how we get the FET reduced for our members. I typically prepare a "white paper" for our industry and will often craft letters to Congress that ACSA sends on key issues. We held a very successful legislative fly-in in late July of this year, including a very well attended Congressional reception, a breakfast with Senator Ron Wyden (D-OR), the most senior Democrat on the Senate Finance Committee and our champion in the U.S. Senate, and lunch with Rep. Kevin Brady (R-TX) who Chairs the Ways and Means Committee, which is the key tax writing Committee in Congress. "

Can you describe the work you do in the spirits industry?

Ryan Malkin: "I focus on serving the legal needs of the alcohol beverage community. I regularly assist clients in navigating the intricacies of federal and state-by-state alcohol beverage laws and draft and review industry-specific agreements, such as distribution agreements, agency agreements, and bottling agreements. I am also proud to be pro bono counsel for ACSA."

Where did your work in the industry begin?

RM: "Prior to forming Malkin Law, I was an attorney at Pernod Ricard USA and a former Assistant District Attorney in Manhattan. But my passion for the beer, wine and spirits industry began as a journalist focusing on the alcohol and hospitality industries, with articles appearing in publications such as *SmartMoney*, *Beverage Media*, *Liquor.com*, and *Esquire*."

How have you seen the growth of craft spirits in the US?

JH: "I have been involved with the industry for approximately four years and even in this short period, the number of craft distillers has grown tremendously. Our conventions have grown larger each year. Craft cocktails have really taken off and our spirits are populating restaurants and bars all over the U.S. and even the world. As our industry has grown, this has positioned our industry very well to make progress at the state and federal level on regulatory and legislative relief."

RM: "It's been inspiring to see the growth of the craft spirits industry in the U.S. I love traveling to new cities and visiting the local distilleries. In nearly every major city, you can find a great craft distiller. As a spirits aficionado, I look forward to trying new products, neat or in an inventive cocktail."

What are some of the biggest challenges facing the industry today?

JH: "Regulation and taxes. The alcohol industry is heavily regulated generally and spirits much more so. ACSA is looking for opportunities to provide regulatory relief for our small businesses with the TTB. Our first priority, however, is to reduce the FET for craft distillers. As we all know, craft distillers pay the full FET of \$13.50 per proof gallon. Our friends in the beer and wine industry pay a reduced rate if they are of smaller size. We need parity for the spirits industry. We have made tremendous progress in the past few years. We have well over half the U.S. House signed on to a bill, H.R. 747, that would reduce this to \$2.70 per proof gallon for craft producers. In the Senate, we are at fifty U.S. Senators signing on to S. 236 to accomplish the same reduced rate. With a major tax bill potentially coming in 2017 or 2018 future, ACSA is working hard to get this passed into law."

RM: "Overall, I'd say distribution. With so many new distilleries, it's difficult for all of them to gain distribution, sometimes even locally, but certainly outside of their home markets."

What advice would you give to distilleries lobbying for the first time, either on a local, state, or federal level?

JH: "Begin developing a relationship with your locally elected officials, state legislators and congressmen. All politics is local and most politicians want to be responsive to their constituents. You can invite them to your distillery. You and other distillers can have a meeting with them while they are in the district to discuss the burdens our industry is facing. Seek out events they will be attending and introduce yourself. Not only is it good to know the elected officials, I always seek out the Chief of Staff and develop a relationship with them. All of this is so they know you and you know them. It will pay dividends when an important issue develops and we need grassroots help on a key vote, etc."

What's your favorite cocktail?

JH: "In the summer a gin and tonic and in the fall and winter, a Manhattan with any number of great American whiskies."

RM: "Negroni."

Did You Know?

- The TTB has issued over 2480 DSPs! Find the full list <u>here</u>.
- "It's disputed whether vodka was first produced in Russia or Poland—there's talk of vodka being
 produced in Russia in the 9th Century, and in Poland in the 8th Century, but these were both likely
 crude precursors. The first written record in Poland was in the Sandomierz Court Registry in
 1405, while Russia didn't get "vodka" to paper until 1751. Chances are, some form of vodka
 distillation was going on in both countries for centuries." Check out more vodka facts here.
- Drinkers all over the world love gin & tonics. According to <u>Liquor.com</u>, "Gin is massively popular in Spain at the moment. The Gin & Tonic is one of the drinks of choice there, and they have taken its service to new levels. They tend to serve it in giant goblets, and there's a lot of innovation happening with garnishes [in Spain] to make it a more inviting and interesting drink."
- Looking for Halloween themed cocktail inspirations? Check out a few from Supercall.
- Don't miss these drink holidays for the month of October:

Oct. 1-31 - National Applejack Month Oct. 4 - <u>National Vodka Day</u> Oct. 16 - National Liqueur Day Oct. 19 - International Gin and Tonic Day Oct. 20 - National Brandied Fruit Day

Social Media

Do you have a new spirit release, an upcoming event, or some news to drop?

Follow our social media channels and <u>Tweet at us (@craftspiritsus)</u>, connect with us on <u>LinkedIn</u>, or post to our <u>Facebook Page</u> and we'll be sure to share it!

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