

# CHANGE OF OWNERSHIP OF 51% OR MORE of an entity that holds a DABS Retail License



- Remember, licensees must notify and submit an application to the DABS of any changes in ownership within 60 days.

## STEP 1: How to determine when a 51% or more transfer occurs:

### EXAMPLE 1:

- Member A owns 50% of ABC, LLC
- Member B owns 50% of ABC, LLC

Member A leaves the company and Member B now owns 100%. This example is NOT a 51% or more change. The change was a 50% change of ownership. However, your compliance officer with DABC must still be notified and may require further documents to be submitted to DABC.

### EXAMPLE 2:

- Member A owns 25% of XYZ, LLC
- Member B owns 25% of XYZ, LLC
- Member C owns 25% of XYZ, LLC
- Member D owns 25% of XYZ, LLC

Members A, B, and C leave the company. Member D takes 25% more of the company so member D now owns 50%. New member of the company E takes 50%. The ownership of XYZ, LLC changed by 75%. A new 51% or more application must be submitted.

### EXAMPLE 3:

- Corporate officer A owns 33% of Whatever, INC
- Corporate officer B owns 20% of Whatever, INC
- Corporate officer C owns 18% of Whatever, INC
- Publicly Traded Corporation owns 29% of Whatever, INC

Corporate officer A and corporate officer C leave the company making a 51% change of ownership of Whatever, INC. A new 51% or more application must be submitted.

Contact DABS for complex ownership structure changes to make sure whether you need to submit a transfer application.

**STEP 2:** A business entity must submit a 51% CHANGE of OWNERSHIP application **within 60 days** after the day on which the entity ownership change occurs. Businesses are encouraged to contact the department at 801-977-6800 prior to beginning this license transfer process.

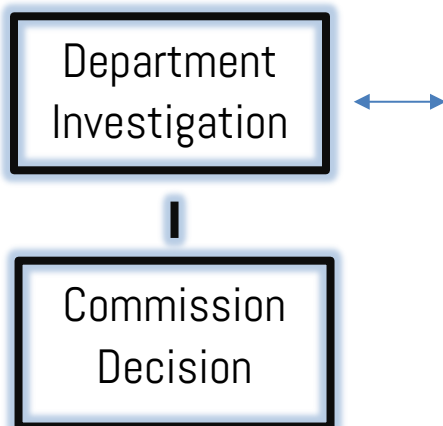
- Follow the checklist carefully to ensure your application is COMPLETE
- A new local consent is required - the form is located in the 51% change application.
- Check with local jurisdictions about new business licensing. Some jurisdictions require new licensing and others may not. DABC requires a new license if the local jurisdiction requires one.

**STEP 3: SUBMIT** a complete application:

**EXISTING ENTITY – 51% or More**

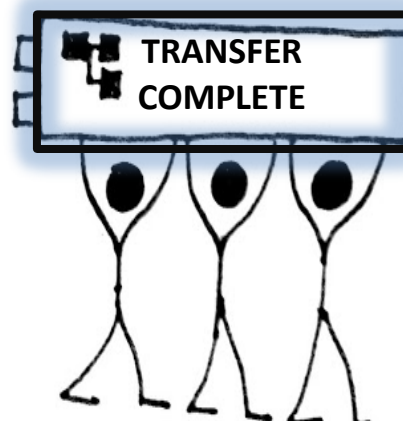
- To hold a DABS license, a 51% or more change of ownership of the entity may not become effective without the commission's approval.
- The DABS license number for the entity does not change.
- The documents currently on file with DABS do not necessarily change.
- If the entity chooses to make changes to the bond or insurance, etc., those documents must be provided to DABS in the application.

**STEP 4:**



**IN ADDITION TO THE STANDARD INVESTIGATION:**

- DABS reviews the new entity structure and ownership changes
- Reviews the purchase agreement if applicable
- Reviews that all documents are in place



**JUST THE FACTS:**

See the statutes and rules:

32B-5-310, 32B-8 and R82-5-102