

SMALL OWNERSHIP CHANGES

Less than 51% of an existing entity

32B-5-310, 32B-7-405, 32B-10-207, 32B-11-209, 32b-11-609, 32B-12-302, 32b-13-302, 32B-17-302, 32B-1-305,

QUESTION:

What if your business wants to keep the entity that holds the license, but you want to make some small ownership changes within the entity, what do you need to do?



ANSWER:

If the business entity that holds the DABC license, such as an LLC, corporation, partnership, etc. is changing ownership, but the change is less than 51 percent, then these types of changes do not need to be approved by the commission. They can be done quite simply and done internally with your DABC compliance officer.

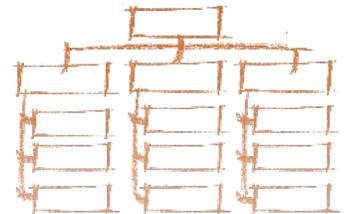
Some examples of less than 51% changes are:

- A corporation owned by a husband and wife at 50/50 percent. The husband dies and the wife takes over at 100%. This is only a 50% change and can be done internally.
- An LLC is owned 50% by George, 25% by Alice, and 25% by Jon. Jon sells his portion to Alice. Alice now has 50% ownership. This is only a 25 percent change of ownership and no DABC commission approval is necessary.
- A Limited partnership with Tom, Mary, and Vivian all at 33.33% was split up when Tom left. His portion went to Mary. This means that although Mary now has 66.66% ownership, only 33.33% has changed and can be handled internally with the DABC.

If it is determined with your compliance officer that any change is less than 51%, this is what you need to do:

Update and provide copies of the following documents:

1. Complete a list of ownership information and what percentage each person now owns.
 - a. The list must be of individuals and not just entities.
 - b. For complex parent companies, provide an organizational chart.



2. Obtain background checks for:
 - a. any new officers, directors, owners, and managers who have at least 20 % ownership; or
 - b. anyone who has direct decision-making control over the day-to-day operations of the business.
2. Update your entity documents with the Department of Commerce and provide copies to DABC
3. Business license:
 - a. Contact the local jurisdiction and see if they need a new business license.
 - b. If they do, DABC needs a copy.