

# CHANGES OF OWNERSHIP

## of businesses that have a DABS alcohol License

### STEP 1: KNOW THE LICENSE TYPES THAT MAY BE GRANTED A CHANGE OF OWNERSHIP

- All retail licenses
- Off-premises beer retailer licenses
- Brewery manufacturing licenses
- Distillery manufacturing licenses
- Winery manufacturing licenses
- Industrial or manufacturing special use permits
- Liquor warehouse licenses



### STEP 2: VERY IMPORTANT TO KNOW BEFORE YOU SELL OR BUY A BUSINESS:



A DABS license may NOT be sold by the license holder, purchased by a new owner, or considered in any way to have any kind of market value. However, there is a way to transition the business to a new owner and avoid a lapse in service or sales of alcohol to customers. The change of ownership process helps smooth the transition and obtain the same license type without having to go to the back of the DABS license "pool".

1. The parties involved in a change of ownership must notify DABS and the new owner must submit an application within 60 days.
2. It is important that you know that the commission may suspend or revoke a license if notice has not been given within 60 days of the change. Therefore, applicants are encouraged to contact the department at 801-977-6800 before beginning a change of ownership process.
3. Remember, for retail licensees, any closure of 10 days or more still requires written notification and prior approval from their DABS compliance specialist. This is also important if you are closing and there is to be a change in ownership.

### STEP 3: DO YOU NEED AN INTERIM MANAGEMENT AGREEMENT (IMA)?

If the current licensee and the new owner of the business desire to keep the business open and have the new owner perform the day-to-day operations during the transition period, they must enter into an [Interim Management Agreement](#).

The IMA provides a way to continue sales and service of alcohol until the change an alcohol license has been granted by the commission. The IMA can be found in the change of ownership application and may also be found separately online on the DABS website [HERE](#).

**Before a retail licensee enters into a management agreement with a new owner, the proposed agreement must be provided to the DABS for approval.**

The IMA checklist of requirements between the parties must be submitted to DABS if one is required. The IMA form in the change of ownership application may be signed and used as is, or it may be written into a purchase agreement or addendum document, but all the items in the IMA checklist must be included in those documents. The Department will review the agreement and either approve or return it to the prospective applicant if it is lacking any information as required from the checklist. It may then be resubmitted for approval.

**NOTE:** If the new owner is NOT going to be operating the day-to-day business operations before they are awarded a new DABS license, a management agreement is not required.

**STEP 4: SUBMIT** a complete application:

Change of ownership Application.

**The New Owner Must:**

- Qualify to hold a DABS license
- New licensing will only become effective after going through the licensing process
- Allow the proceeds from the sale of alcohol to go to the current license holder until they receive a license

**The Current License Holder Must:**

- Not have any non-adjudicated alcohol violation fees or penalties
- Keep all bonds, insurance, and licenses in place until the new owner obtains a license
- Receive all revenue from the sale of alcohol from the new owner until the new owner obtains a license.

**THE STANDARD INVESTIGATION MAY INCLUDE:**

- Review of the purchase agreements
- Review of the operating agreements
- Review of the interim management agreement
- Review of corporate structures and complex ownership interests
- If applicable, wills, bankruptcy documents, or any other document to prove ownership
- Any other documents the DABS needs to verify the Change is in compliance with all laws and rules

**STEP 5:**

Department Investigation



Commission Decision

## STEP 6 :



Once the commission approves the change of ownership, operations of the retail license must begin within 30 days. If the license is granted under a conditional license. The department may grant one 30-day extension.

With operational requirements satisfied and commission approval, operations for the new owner may begin and all revenue now goes to the new owner.

After that, the commission may grant one or more additional extensions if it can be demonstrated to the commission that the licensee:

- Cannot begin operations because the change of ownership is improving the licensed premises
- Has obtained a building permit for the improvements if the local jurisdiction requires it
- Can prove they are working expeditiously to complete the improvements to the premises
- The commission determines that circumstances beyond the control of the licensee negate the ability to begin operations in a timely manner

### CONDITIONAL CHANGE OF OWNERSHIPS

New change of ownership licensees must open within 30 days unless granted an extension of time.

**ALSO NOTE:** After the commission grants the license, operations of the retail license must begin at the approved location before there can be any other changes.

**STEP 7:** You are ready to open!



JUST THE FACTS - See the statutes and rules at: 32-B-5-102, 32B-5-310, 32B-18 -101-103, R82-5-102