

Bulletin CL-LC-2010-4

REWARD POINTS PROMOTIONAL PROGRAMS

It has come to the attention of the Commercial Licensing and Racing & Athletics Division of the Department of Business Regulation (“Department”) that several Class B licensees are offering its patrons so-called “reward points” promotional programs. The purpose of this Bulletin is to provide guidance to all such licensees relative to these programs.

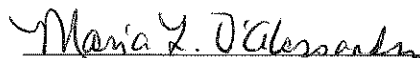
The Department is hereby providing guidelines in this Bulletin to clarify the permissible limits regarding such promotional programs. The guidelines are based on the following key laws:

- (1) RI Gen. Laws § 3-1-5 requires the Department to construe liberally the liquor regulation laws in aid of its declared purpose which is the promotion of temperance and for the reasonable control of the traffic in alcoholic beverages;
- (2) RI Gen. Laws § 3-7-26 (a) (4) prohibits licensees, employees or agents of any licensee who operates under a license to sell alcoholic beverages from allowing or encouraging any game or promotion on the premises which involves the drinking of alcoholic beverages or the awarding of alcoholic beverages as prizes for consumption on the premises; and
- (3) RI Gen. Laws §3-7-26 (b) (1) prohibits licensees from advertising or promoting in any manner, or in any medium, happy hours, open bars, two-for-one nights and/or free drink specials.

Based upon the above, it is the position of the Department that “reward points” promotional programs are permissible, so long as the following is complied with:

- (1) Points can be incurred and redeemed for alcoholic beverages as long as a meal and/or appetizers are a portion of the bill; and
- (2) Points cannot be incurred nor redeemed solely for alcoholic beverages.

Dated: 9/28/10



Maria L. D'Alessandro, Esq.
Deputy Director
Securities, Commercial Licensing and
Racing & Athletics
Liquor Control