



Quick Guide: Buying, Selling and Transferring Liquor Licenses

Liquor licenses may be bought, sold and transferred to new owners so long as the parties obtain prior approval from the Alcoholic Beverage Control Board (Board). Illegally purchasing, selling or transferring a liquor license is a serious offense because it circumvents the legal requirements for obtaining and holding a liquor license. Therefore, it is critical that those seeking to transfer a liquor license ensure that their transaction complies with the law.

RELEVANT LAW

The following laws and regulations govern the purchase, sale and transfer of liquor licenses:

- D.C. Official Code § 25-301 (general qualifications for all applicants)
- D.C. Official Code § 25-302 (special qualifications for wholesaler's or retailer's licenses)
- D.C. Official Code § 25-303 (restrictions on holding a conflicting interest)
- D.C. Official Code § 25-316 (additional considerations for transfer of licensed establishment to new owner)
- D.C. Official Code § 25-339 (special restrictions for the Georgetown historic district)
- D.C. Official Code § 25-405 (application for transfer to new owner)
- D.C. Official Code § 25-361 (involuntary transfer)
- 23 DCMR § 210.2 (application fees)
- 23 DCMR § 501.3 (required statements)
- 23 DCMR § 703 (temporary operating retail permit)

This quick guide is current as of August 2015. It does not include all District of Columbia (D.C) alcoholic beverage rules and regulations. Title 25 of the D.C. Official Code and Title 23 of the D.C. Municipal Regulations provides a comprehensive review of all District alcoholic beverage laws.

TRANSFER OF OWNERSHIP APPLICATION

A license holder and purchaser cannot complete the sale or transfer of a license without the approval of the Board. In order to obtain approval, the purchaser must file an [ABC License Application](#) with ABRA for a transfer of the license. The parties may then complete the sale or transfer if the Board approves the application.

EXCEPTIONS

The following transactions do not require the filing and approval of an application:

- (1) Transfer to an individual of less than 50 percent of the legal or beneficial ownership of the:
 - a) Licensed establishment, or
 - b) Entity owning or controlling the licensed establishment.
- (2) A change in stock ownership or partnership interest of less than 50 percent within any 12-month period.

Licensees should be aware that although some transactions may not require the filing of a transfer of ownership application, changes in corporate officers, directors, partners, managing members, or owners often require the submission of [the proper application](#) in accordance with 23 DCMR § 601.

TEMPORARY OPERATING RETAIL PERMIT

A new owner that seeks to operate a licensed establishment before the transfer is approved must obtain a Temporary Operating Retail Permit (TORP) from the Board.

A new owner may request a TORP from the Board by submitting a letter that includes the following:

- (1) Name, license number, and address of the establishment being transferred;
- (2) Name of the person or entity requesting the TORP;
- (3) Request for temporary operating authority while the transfer is pending and a sworn affidavit showing compliance with the following:
 - a. The transfer will not result in a substantial change to the establishment, as described in D.C. Official Code § 25-762;

- b. The TORP is filed with or after the submission of a transfer application; and
- c. The licensed establishment must not have discontinued operations or the sale or service of alcoholic beverages within the 30 days prior to the submission of the TORP.

INVOLUNTARY TRANSFER

An involuntary transfer allows a party to seize a liquor license without the permission of the license holder and without notice. A party seeking an involuntary transfer must submit a written request to the Board that provides the following information:

- (1) The reason for the involuntary transfer, which is limited to:
 - a. A marshal's sale;
 - b. A trustee's sale under foreclosure of a chattel deed of trust;
 - c. A trustee's or receiver's sale in bankruptcy proceedings;
 - d. Any other sale conducted upon the order of a court of competent jurisdiction;
 - e. A sale under Article 9 of the Uniform Commercial Code;
 - f. Upon the death of an individual who is a licensee or who has a stock ownership or partnership interest of 50 percent or more in the licensed business; or
 - g. A tax sale under Chapter 13 or 13A of Title 47.
- (2) An affidavit indicating that no substantial change, as described in D.C. Official Code § 25-762, will occur. If a substantial change will occur before the expiration of the license, then the party should also file a request for a substantial change with the Board.
- (3) Supporting documents issued by the authority ordering the transfer (e.g., court order, writ of fieri facias, death certificate).

ARTICLE 9 TRANSFER

An applicant requesting a transfer under the authority of Article 9 of the Uniform Commercial Code must submit a transfer statement that complies with D.C. Official Code § 28:9-619 (Transfer of record or legal title). The transfer statement must contain the following information:

1. An affidavit affirming the following:
 - a. That the debtor has defaulted in connection with an obligation secured by the debtor's liquor license;
 - b. That the secured party has exercised its post-default remedies with respect to the liquor license;
 - c. That, by reason of the exercise, a transferee has acquired the rights of the debtor in the liquor license; and
 - d. The name and mailing address of the secured party, debtor, and transferee

PENALTIES

Licensees that violate the District's rules regarding the purchase, sale and transfer of liquor licenses may be subject to enforcement action under D.C. Official Code § 25-823 and 23 DCMR § 800, which could lead to a fine, suspension, or revocation of the liquor license.

A business that is being operated by an unapproved owner may be forced to shut down and surrender the liquor license until all ownership issues are resolved pursuant to D.C. Official Code §§ 25-791 and 25-829.

The Board may also prevent an unlicensed person that engages in an unlawful purchase, sale or transfer of a liquor license from obtaining the license pursuant to D.C. Official Code §§ 25-316(b) and 25-405(e).

Finally, any party that engages in the illegal purchase, sale or transfer of a license may be disqualified from owning a liquor license pursuant to D.C. Official Code § 25-301.

CONTACT INFORMATION

For more information, visit ABRA.DC.Gov or contact ABRA at 202-442-4423 or ABRA@DC.Gov.