



# Quick Guide: Technology Companies

This guide clearly defines legal business operations in the District of Columbia for technology companies whose business models include promoting, marketing or facilitating the sale of alcoholic beverages over websites or smartphone applications. Technology companies are required to follow all District alcoholic beverage laws and regulations when operating in D.C. Proprietors are encouraged to contact the Alcoholic Beverage Regulation Administration (ABRA) for a review of their operations prior to beginning any business activities in D.C. This will help to ensure business operations are compliant with District law.

## DEFINITION OF TECHNOLOGY COMPANIES

For the purposes of this quick guide, a technology company is defined as a business that:

- Does not have an alcoholic beverage license issued by the District of Columbia Alcoholic Beverage Control Board (Board);
- Markets to businesses and/or residents in the District of Columbia through a website or smartphone application; and
- Partners with one or more alcoholic beverage licensed retailers operating in the District with the goal of selling alcoholic beverages online to consumers.

## OPERATING GUIDELINES

A District alcoholic beverage licensee and a technology company should structure their relationship so that it meets the following guidelines:

1. A technology company cannot sell alcoholic beverages. A transaction to purchase alcoholic beverages must take place between the customer and a District alcoholic beverage licensee.
2. A technology company cannot collect, receive or retain any funds or fees that stem from a transaction between a consumer and an alcoholic beverage licensee for an alcoholic beverage.
3. A technology company cannot charge or process a customer's credit or debit card directly for an alcoholic beverage. Credit or debit card information provided to the

technology company must be transferred or redirected to the alcoholic beverage licensee for processing. Only the alcoholic beverage licensee may process and complete a transaction for an alcoholic beverage.

4. A technology company can promote, market and connect customers over a website or smartphone application to alcoholic beverage products provided that the alcoholic beverage licensee retains ultimate control and responsibility over the sales transaction with the customer.
5. A technology company can charge a licensed retailer a flat-monthly fee or other type of transaction fee for their services.
6. The alcoholic beverage licensee must retain the ability to determine whether to complete or deny any order for an alcoholic beverage.
7. An alcoholic beverage that is sold to a consumer must be in the possession of the alcoholic beverage licensee. A technology company cannot store or keep alcoholic beverages for sale.
8. An alcoholic beverage licensee is responsible for any delivery of an alcoholic beverage and determining whether the customer is of legal age. A technology company cannot package, fill or ship an order for an alcoholic beverage to a consumer.

## **PENALTIES**

A technology company that operates outside of these guidelines risks violating D.C. Official Code § 25-102(a), which may subject a violator to both criminal and civil penalties as well as a requirement to cease business operations in the District. An alcoholic beverage licensee that violates these guidelines may be subject to fines, as well as possible suspension and/or revocation of their alcoholic beverage license.

## **RELEVANT LAW**

District of Columbia Official Code § 25-101(45):

- “Sale” or “sell” includes offering for sale, keeping for sale, manufacturing for sale, soliciting orders for sale, trafficking in, importing, exporting, bartering, delivering for value or in any way other than by purely gratuitously transferring. Every delivery of any alcoholic beverage made otherwise than purely gratuitously shall constitute a sale.

District of Columbia Official Code § 25-102(a):

- No person shall sell any alcoholic beverage in the District without having first obtained an appropriate license as required by this title.

**District of Columbia Official Code § 25-301(a)(5):**

Except in the case of an application for a solicitor's license, the applicant is the true and actual owner of the establishment for which the license is sought, and he or she intends to carry on the business for himself or herself and not as the agent of any other individual, partnership, association, limited liability company or corporation not identified in the application.

**CONTACT ABRA**

For more information, visit [ABRA.DC.Gov](http://ABRA.DC.Gov) or contact ABRA at 202-442-4423 or [ABRA@DC.Gov](mailto:ABRA@DC.Gov).