

WINE **D**IRECT

THE WINERY'S CHAMPION

WINEDIRECT.COM

# WineDirect's 3-Tier Shipping Program

OCTOBER 2022

**OVERVIEW**

**STATE COVERAGE – NJ**

**LETTER OF AUTHORIZATION (LOA)**

**BRAND REGISTRATION & PRICE POSTING**

**STATE TAXES & CLEARING FEES**

**ESCROW ACCOUNT REQUIREMENT**

**ORDER FULFILLMENT**

# WINE DIRECT

THE WINERY'S CHAMPION

WINEDIRECT.COM

## OVERVIEW

WineDirect Fulfillment's 3-Tier network provides access to states not open for direct shipment or as an alternative in states that direct ship permits may be cost prohibitive.

WineDirect Fulfillment offers a comprehensive 3-Tier solution which includes brand registration and price posting services, fulfillment thru an established wholesaler/retailer network, cash disbursement and reporting.

### State Coverage – NJ

## STATE COVERAGE – NJ

New Jersey does not require exclusivity of wholesaler appointments; however, clients should review their private contractual terms with their New Jersey wholesaler to determine if such exclusivity is required by the contract.

## LETTER OF AUTHORIZATION (LOA)

The Letter of Authorization (LOA) grants WineDirect the authorization to submit for brand registration and price posting on the client's behalf. The client is asked to provide a PDF copy of the LOA on their letterhead, signed and returned to their Account Manager.

Brand registration and price posting cannot be submitted until a completed LOA is received. After that, until the state label registration and price posting is approved, the 3-Tier states will not be available for shipping.

A new LOA will be requested for any new products requiring brand registration.

## LOA Example

*Print on  
Client Letterhead*

September 30, 2022

WineDirect, Inc.  
450 Green Island Road  
American Canyon, CA 94503

Dear Sir or Madam,

This letter certifies that INSERT CLIENT NAME is the brand owner (and/or producer/importer of record) for the alcoholic beverage brands/products listed on this sheet. As such we hereby grant WineDirect, Inc., the right to register these brands/products in the state of New Jersey:

LIST APPLICABLE PRODUCTS:  
(for example: Brand Name Pinot Noir Santa Maria Valley)

Sincerely,

*Insert Client Signature*

INSERT CLIENT NAME

## BRAND REGISTRATION & PRICE POSTING

### Brand Registration

- Required for all new products (or significant changes to brands such as excise tax class jumps).
- NOT vintage specific.

	ESTIMATED TURNAROUND	LABEL REQUIREMENTS	FEES PER LABEL	EXPIRATION	RENEWAL FEES PER LABEL
<b>New</b>	1-2 days	No labels required	\$23.00	Expires 12/31 every year	\$23.00
<b>Amendments</b>	1-5 days	No labels required	\$10.00	Expires 12/31 every year	\$23.00
<b>Notes</b>	Once submitted, any approval delays are beyond WineDirect's control				

\* Fees are subject to change.

# WINE DIRECT

THE WINERY'S CHAMPION

WINEDIRECT.COM

BRAND REGISTRATION EFFECTIVE DATE	Submission Deadline
January 1st	before December 14th
February 1st	before January 14th
March 1st	before February 14th
April 1st	before March 14th
May 1st	before April 14th
June 1st	before May 14th

BRAND REGISTRATION EFFECTIVE DATE	Submission Deadline
July 1st	before June 14th
August 1st	before July 14th
September 1st	Before August 14th
October 1st	before September 14th
November 1st	before October 14th
December 1st	before November 14th

## Price Posting

- Required for all new products.
- IS vintage and size specific.
- Retail discounts can be offered, however the taxes and clearing fees will calculate based on the price posted amount.
- For an increase in retail price, new Price Posting is required.

### EXPIRATION

NJ	Does not expire
----	-----------------

\* Fees are subject to change.

PRICE POSTING EFFECTIVE DATE	Submission Deadline
January 1st	before December 15th
February 1st	before January 15th
March 1st	before February 15th
April 1st	before March 15th
May 1st	before April 15th
June 1st	before May 15th

PRICE POSTING EFFECTIVE DATE	Submission Deadline
July 1st	before June 15th
August 1st	before July 15th
September 1st	before August 15th
October 1st	before September 15th
November 1st	before October 15th
December 1st	before November 15th

## STATE TAXES & CLEARING FEES

### Included in the WineDirect Fulfillment Rates

- Base Freight
- Residential Delivery Fee
- Adult Signature Surcharge
- Packaging Costs
- Customized Packing Slip Including Contents for Each Box (for non-club orders)
- Order Validation (address check, dry zip codes, etc.)

# WINE DIRECT

THE WINERY'S CHAMPION

WINEDIRECT.COM

## **NOT included in the WineDirect Fulfillment Rates:**

- Carrier Fuel Surcharges (subject to change)
- State Clearing Fees
- State Sales Tax
- State Excise Tax

## **Sales Tax**

Sales tax is a separate charge and not included in WineDirect Fulfillment's Rates. Sales tax is due on 100% of shipping and handling in addition to the retail price in NJ.

## **Excises Tax**

Excise tax for New Jersey is included in the \$1.00 per bottle fee to the Wholesaler. The NJ Wholesaler is responsible for remitting the tax. The current excise tax for wine of all classes in NJ is \$0.875 per gallon and is subject to change.

## **Clearing Fees**

Clearing fees are separate charges and not included in WineDirect Fulfillment Rates. It is up to the client whether they want to absorb, pass on or subsidize these fees to their consumers. All reporting is handled by the OOSS, wholesaler and retailer. Clients do not have any reporting responsibilities while shipping 3-Tier with WineDirect.

**Out-Of-State-Shipper/Supplier (OOSS):** \$.25 a bottle.

The OOSS is responsible for the state required reporting.

## **Wholesaler:**

WineDirect has negotiated for a fixed price of \$1 per bottle.

## **Retail:**

WineDirect has negotiated a fixed price of 2% of the posted retail price with a \$40 cap. For example, if a \$100 bottle is sold to a consumer, only \$40 will be subject payment.

## ESCROW ACCOUNT REQUIREMENTS

WineDirect Fulfillment administers an Escrow Account for the receipt and processing of funds in connection with 3-Tier wine orders. The Escrow Account funds are not owned by WineDirect.

WineDirect does not process consumer payments. All consumer payments are processed through the applicable WineDirect client and are prefunded by the client in the form of a check or wire transfer to the Escrow Account. The Escrow Account is designed to accommodate regulatory guidelines by transferring the entire amount (product, tax, and shipping/handling) paid by the consumer to the retailer for the transaction. This requires that the Escrow Account receives funds for an order in full prior to shipping that order.

Upon shipment of the ordered product, 100% of the total sale to consumer will be disbursed by the Escrow Account to the applicable retailer, and then to all appropriate entities as legally required per the individual transaction, including the wholesaler, out-of-state-shipper (OOSS), product owner, WineDirect shipping/handling and client/third party. This includes required POs, invoices, and all taxes (excise and sales).

### How It Works

Prior to the client's shipments, the Escrow Account is to be sufficiently funded to cover the Total Consumer Sales prior to shipping for 3-Tier states.

- Total Consumer Sales = total sales price + shipping/handling + sales tax
- To fund the 3-Tier Escrow Account, the client should wire or ACH the cash requirement using the banking information below:

#### Wire/ACH Transfer Account Information:

Account Name: Winedirect Inc. – Vintage Funds 1

ABA#: 121143260

Acct#: 8551915827

- Email payment confirmation to the Accounts Receivable Department, [accountsreceivable@winedirect.com](mailto:accountsreceivable@winedirect.com), to accordingly apply the funds within the client's account

Upon shipment, 100% of the funds are disbursed by the Escrow Account to all appropriate entities: retailer, wholesaler, out-of-state-shipper, owner, WineDirect and the client/third party.

The remaining balance of each transaction, after all other entities have been paid, is returned to the client's Escrow Account subaccount as a revolving balance unless otherwise requested.

If payment is not received in a timely manner, shipments will be held pending funding and released for the next available 3-Tier shipment date.

## ORDER FULFILLMENT

### SKUs

Clients do not have to worry about using different SKUs for their 3-Tier state orders. They may send their orders over using their one SKU number for all orders, regardless of shipping method.

### Inventory Transfers

Inventory transfers for 3-Tier orders go thru WineDirect's standard inventory IN process.

### Order Validation

3-Tier orders go thru WineDirect's standard order validation for addresses, dry zip codes, label registration approval and price posting approval before shipping.

### Shipping Timelines

*SHIPPING from Green Island FC (WDI)*

	ORDERS RECEIVED	PROCESS & SHIP	SERVICE	ESTIMATED DELIVERY
<b>3-TIER</b>	Before 1pm PST / 4pm EST Thursday	Friday	NJ	At destination 8-10 days from ship date.

*SHIPPING from GLENWILLOW FC (GLW)*

	ORDERS RECEIVED	PROCESS & SHIP	SERVICE	ESTIMATED DELIVERY
<b>3-TIER</b>	Before 1pm EST / 10 am PST Tuesday	Wednesday	NJ	At destination 6-8 days from ship date.

# WINE DIRECT

THE WINERY'S CHAMPION

WINEDIRECT.COM

Please note that orders may be held for a variety of reasons: weather, insufficient Escrow Account funding, insufficient inventory, dry zip code, label registration, price posting, etc. Please ensure orders are free and clear of any holds by the release date and time noted for each facility.

## Returns

NJ state laws do not allow wine to be physically returned to the WineDirect Fulfillment Center for 3-Tier orders. Returns will be held at the state retailer for up to 6 weeks awaiting resolution, such as:

- Re-ship to original consumer at the original address
- Re-ship to original consumer at new address in state
- Ship to a new consumer in state

The retailer will notify the client's Account Coordinator of orders that have been returned. The Account Coordinator will email the client with the return information and request resolution.

If no resolution is provided within 6 weeks, the state retailer will dispose of the product.

## Fulfillment Portal

The WineDirect Fulfillment Portal provides access to client order, inventory and financial information as well as compliance status by state by products for 3-Tier shipping. The web portal can be accessed at: <https://fulfillment.winedirect.com/login>.