

CHANGE OF OWNERSHIP OF 51% OR MORE of an entity who owns a DABC Retail License



- Remember, licensees must immediately notify the DABC of changes in ownership.

STEP 1: How to determine when a 51% or more transfer occurs:

EXAMPLE 1:

- Member A owns 50% of ABC, LLC
- Member B owns 50% of ABC, LLC

Member A leaves the company and Member B now owns 100%. This example is NOT a 51% or more change. The change was a 50% change of ownership. However, your compliance officer with DABC must still be notified and may require further documents to be submitted to DABC.

EXAMPLE 2:

- Member A owns 25% of XYZ, LLC
- Member B owns 25% of XYZ, LLC
- Member C owns 25% of XYZ, LLC
- Member D owns 25% of XYZ, LLC

Members A, B, and C leave the company. Member D takes 25% more of the company so member D now owns 50%. New member of the company E takes 50%. The ownership of XYZ, LLC changed by 75%. A new 51% or more application must be submitted.

EXAMPLE 3:

- Corporate officer A owns 33% of Whatever, INC
- Corporate officer B owns 20% of Whatever, INC
- Corporate officer C owns 18% of Whatever, INC
- Publicly Traded Corporation owns 29% of Whatever, INC

Corporate officer A and corporate officer C leave the company making a 51% change of ownership of Whatever, INC. A new 51% or more application must be submitted.

Contact DABC for complex ownership structure changes to make sure whether or not you need to submit a transfer application.

STEP 2: A business entity must submit a 51% TRANSFER OF LICENSE application **within 60 days** after the day on which the entity ownership change occurs. Businesses are encouraged to contact the department at 801-977-6800 prior to beginning this license transfer process.

- Follow the checklist carefully to ensure your application is COMPLETE
- A new local consent is required - the form is located in the 51% change application.
- Check with local jurisdictions about new business licensing . Some jurisdictions require new licensing and others may not. DABC requires a new license if the local jurisdiction requires one.

STEP 3: SUBMIT a complete application:

Transfer of a Retail License Application.

- No 51% or more change of ownership transfer may become effective without the commission's approval.
- The DABC license number for the entity does not change.
- All of the documents currently on file with DABC do not change.
- If the entity chooses to make changes to the bond or insurance, etc., those documents must be provided to DABC in the application.

STEP 4:

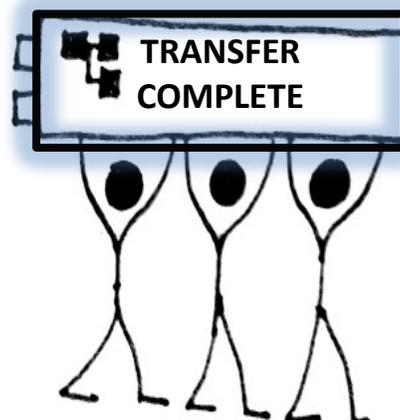
Department
Investigation



Commission
Decision

IN ADDITION TO THE STANDARD INVESTIGATION:

- DABC reviews the new entity structure and ownership changes
- Reviews the purchase agreement if applicable.
- Reviews that all documents are in place



JUST THE FACTS:

See the statutes and rules:

32B-5-310, 32B-8a-102, 201, 202, 203, 302, 303, 502 and R82-5-102