Understanding our Industry (Part 1 of 3)

☐ Our Talent Philosophy

☐ Industry History & Company History

This material is part of RNDC University. RNDC-U provides a structured and blended learning experience for RNDC Associates. Our learning programs are based on a progressive training concept anchored to the RNDC Leadership Competency Models. This learning curriculum is for new supervisors, managers, and middle-management roles.
Our Talent Philosophy drives the RNDC Associate Success Roadmap which provides guidance on how to successfully manage your career and workplace experience. We encourage our Associates to perform at their personal best so they can achieve an enriching and progressive career at RNDC.

We believe every Associate is a role model of our Core Values and Leadership Competencies which define how we behave as the beverage alcohol industry leader. Successful job performance and leadership potential provide clear distinction for our financial investment on an Associate’s career development and total compensation. Associates are rewarded for taking accountability to continually grow and learn. Conversely, a leader’s proven ability to build a bench of strong talent drives our success as the Distributor of Choice. Our talent philosophy is transparent so that our Associates strive for career success. As a result, the differentiation that RNDC provides is a rewarding and engaging career experience for our Associates.

We are providing you this specialized learning experience to ensure you perform at “your personal best”. Understanding our human capital practices will enable you to build a strong and sustainable bench of talented and engaged Associates.
ABOUT OUR INDUSTRY

A Message from Bob Hendrickson, Chief Operating Officer & Executive Vice President

Speakeasy. Al Capone. Prohibition. What do these three have in common? They are all part of the beverage alcohol industry’s colorful history.

Here at RNDC we feel it’s important you understand where we came from. The Industry Immersion Training courses will provide you a new perspective on how the three-tier system came about and all the politics that got us here. It’s a history full of drama, fighting, mobs and finally, true law and order. The beverage alcohol industry’s history is America’s history. We made our mark on the Constitution—twice—and now help keep the industry respectable.

I hope you do more than check off the box in this training. Take the time to understand why our laws vary from state to state and why the three-tier system is so important. We provide something of value to Americans and I hope this training helps you feel a sense of pride for what we do.

Thank you for doing your part to learn more about where we came from.
### Industry History & Company History (Part 1 of 3)

- Prohibition and Constitutional Amendments
  - Prohibition
  - Temperance Movement
  - Organized Crime
  - 18th Amendment
  - 21st Amendment
- Our Company History
  - The Story of RNDC
- Federal Alcohol Administration Act
- Further Reading/Other Resources

### Three-Tier System, Professional Industry Organizations & Alcohol Trade Practices (Part 2 of 3)

- The Three-Tier System
  - Overview of the Three-Tier System
  - Threats to the Three-Tier System
  - Understanding what Control States are
  - Alcohol Beverage Commission (ABC) or similar state control boards
- Professional Industry Organizations
  - National Alcohol Beverage Control Association (NABCA)
  - National Conference of State Liquor Administrators (NCSLA)
  - Wine and Spirits Wholesalers of America (WSWA)
- Alcohol Trade Practices
  - State Laws and Regulations
  - Further Reading/Other Resources

### The Distributor (Part 3 of 3)

- Second Tier – The Distributor
  - Know the Competition
- RNDC Top Suppliers - Spirits
- RNDC Top Suppliers – Wine
- Industry Terms
- RNDC Terms
PROHIBITION AND CONSTITUTIONAL AMENDMENTS
Prohibition, legal prevention of the manufacture, sale, and transportation of alcoholic beverages in the United States from 1920 to 1933 under the terms of the Eighteenth Amendment.

- Prohibition was enacted to protect individuals and families from the “scourge of drunkenness.”
- The Prohibition era also is remembered as a period of gangsterism, characterized by competition and violent turf battles between criminal gangs.
Interesting Facts about Prohibition

• It wasn’t illegal to drink alcohol during Prohibition. The 18th Amendment only forbade the “manufacture, sale and transportation”
• Some states refused to enforce Prohibition.
• Drug stores continued selling alcohol as “medicine”.
• Brewers peddled malt syrup that could easily be made into beer by adding water and yeast and allowing time to ferment.
• Winemakers sold chunks of grape concentrates called “wine bricks”
• Thousands died from drinking tainted liquor.
• Prohibition still exists today in certain counties in the United States.
TEMPERANCE MOVEMENT

- **Temperance Movement**, a movement dedicated to promoting moderation and, more often, complete abstinence in the use of intoxicating liquor.

- Although an abstinence pledge had been introduced by churches as early as 1800, the earliest temperance organizations seem to have been those founded at Saratoga, New York in 1808 and in Massachusetts in 1813.
  - The movement spread rapidly under the influence of the churches; by 1833 there were 6,000 local societies in several U.S. states.

- Besides combining moral and political action, the modern temperance movements were characterized by international scope and the organized cooperation of women.

During the temperance movement, millions of Americans were willing to drink liquor (distilled spirits) illegally, which gave rise to bootlegging (the illegal production and sale of liquor) and speakeasies (illegal, secretive drinking establishments), both of which were capitalized upon by organized crime.
• **Organized crime**, complex of highly centralized enterprises set up for the purpose of engaging in illegal activities such as cargo theft, fraud, robbery, kidnapping for ransom, and the demanding of “protection” payments.

• The principal source of income for these criminal syndicates was the supply of goods and services that are illegal but for which there is continued public demand, such as drugs, loan-sharking, gambling, etc.

• Organized Crime was hierarchical, with different “families,” or syndicates, in charge of operations in many of the major cities. At the head of each family was a boss who had the power of life and death over its members.

• Large-scale bootleggers like Al Capone of Chicago built criminal empires out of illegal distribution efforts, and federal and state governments lost billions in tax revenue.

• In most urban areas, the individual consumption of alcohol was largely tolerated, and drinkers gathered at “speakeasies,” the Prohibition-era term for saloons.
The 18th Amendment emerged from the organized efforts of the temperance movement and the Anti-Saloon League, which attributed to alcohol, virtually all of society’s ills and led campaigns at the local, state, and national levels to combat its manufacture, sale, distribution, and consumption.

The amendment passed both chambers of the U.S. Congress in December 1917 and was ratified by the requisite three-fourths of the states in January 1919.

Its language called for Congress to pass enforcement legislation, and this was championed by Andrew Volstead, chairman of the House Judiciary Committee, who engineered passage of the National Prohibition Act (commonly referred to as the Volstead Act). The act was conceived by Anti-Saloon League leader Wayne Wheeler and passed over the veto of President Woodrow Wilson.
On December 5, 1933, the 21st Amendment was ratified by the required number of states, with Utah being the last state to ratify it.

The 21st Amendment repealed the 18th Amendment of January 16, 1919, ending the increasingly unpopular nationwide prohibition of alcohol.

The second section of the 21st Amendment has been interpreted by the courts and others as giving broad authority over the regulation of alcoholic beverages to the states and limiting the power of the national government to intrude upon state alcohol beverage control policies.

States, in turn, can and in many cases have delegated authority to counties and localities. As a result, the availability of alcoholic beverages, their prices, and the terms and conditions under which they can be obtained (for example, whether a county is “dry,” or whether a state itself exercises a monopoly on the sale of wines and spirits) have varied substantially across the country.
OUR COMPANY HISTORY
• Republic National Distributing Company (RNDC) is an organization built on the strong foundations of three family-owned companies — each with a rich history that would one day be shared.

• Watch The Story of RNDC to see how it all started and also review the Company timeline that portrays important events during our history as a Company.
FEDERAL ALCOHOL ADMINISTRATION ACT
The Federal Alcohol Administration (FAA) was a United States government agency created in 1935 (functioning independently within the Department of the Treasury) by the Federal Alcohol Administration Act, title 27 chapter 8 of the United States Code. It was created to regulate the alcohol industry after the repeal of Prohibition, replacing a previous body (the Federal Alcohol Control Administration) which did not have statutory powers. The Act still partly continues in force, underpinning the powers of the Alcohol and Tobacco Tax and Trade Bureau (TTB).
FURTHER READING/OTHER RESOURCES
• Learn more about the history of Prohibition by viewing the National Archives course titled: **Prohibition and its Consequences**

• Review the PBS work on the **Roots of Prohibition**.

• Understand the role of the **Temperance Movement** in the years leading up to the Prohibition.

• Learn how Prohibition created social issues by reading **How Prohibition Put the 'Organized' in Organized Crime**

• Read the U.S. Constitution **Amendment #18** that abolished liquor.

• Learn more about the **Repeal of Prohibition**.

• Understand the background about **Amendment #21**.

• Review the Federal Alcohol Administration Act to understand the legal aspects of federal law related to the industry. Click **here**. This document can be saved in a PDF.
ADDITIONAL TRAINING TO COME...

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  • RNDC Top Suppliers – Wine
  • Industry Terms
  • RNDC Terms

Part 2 & Part 3 of Understanding Our Industry will be assigned through RNDC University for further education.