

ARTHUR
SELLERS
& COMPANY



Wines. With Spirit!

It was fabulous while it lasted!

As Willie Nelson so famously sang, 'Turn out the lights, the party's over.' The Liquor Control Board of Ontario (LCBO) has left us with no choice but to shut down the 'Arthur's Cellar Wine Club' after sixteen exhilarating, tasty and very challenging years.

The following is a letter that I wrote after a recent telephone call we had with two senior individuals who toil in the LCBO department with which we worked. It pretty much tells the tale:

Dear ...

Hélène and I want to thank you for today's telephone conversation. We greatly appreciated your candor and efforts to find solutions for the benefit of our mutual customers.

It was good to learn that the process for getting products onto LCBO.com will be much improved and that more oversight will be given to the inventory going to the French Destination boutique in Ottawa. For the first time in our sixteen years of operating Arthur Sellers & Company and the Arthur's Cellar Wine Club, it appears that the administrative processes involved in working with the LCBO will be quite efficient.

*We find it ironic and rather sad that **a new (to us) element injected into the process** (that has not been required for the past sixteen years) will prevent us and our wineries from availing ourselves of these enhancements. We refer to the 'Notice to Purchase' letter – specifically clauses 5 and 6 (note 1). Neither we nor our wineries are willing to agree to these terms - over which we have virtually no control (note 2).*

We understand why the letter has been added to the process. But it seems so very unfair that we are being put out of business because of the failings of others.

In a nutshell, the LCBO insists on imposing these punitive terms upon us and our wineries because other agents did not meet various LCBO expectations. The LCBO acknowledges that our performance has been exemplary. In essence, they are willingly throwing the baby out with the bath water.

So, unfortunately this is the end of the line. Even if the LCBO exempted us from these terms, which is highly unlikely, we do not wish to continue. The LCBO has caused us far too much hardship and stress over the past sixteen years. We have every expectation that this will continue - and we have had enough.

It must be noted that there are many fine people at the LCBO. We thank them for their efforts on our, and our clients' behaves.

We have thoroughly enjoyed working with our wineries. The folks there have become good friends. It has been a real privilege and honour to be their representatives in Ontario.

Christian Esparza! We couldn't have done it without him. He operates a wonderful wine emporium in Saint-Rémy-de-Provence called Caves & Domaines. Christian selflessly introduced us to most of our wineries. If you ever find yourself in Saint-Rémy (which we highly recommend), do pay him a visit.

Finally, we can't thank you, our 5+ wine club Members, enough for your interest and support and for buying our wonderful wines. We are deeply saddened that it now must end.

votre sant,

Jim, Hlne and Kate

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PS: If you have any comments you would like to make to George Soleas, CEO of the LCBO, you can reach him at george.soleas@lcbo.com.

Note 1 - The two (LCBO) deal-breaking clauses:

*5. Rebate Terms. If the product fails to achieve a **100% sell through within 90 days of release** (i.e., the date that the LCBO makes the Products available for distribution to the applicable Destination Collection Boutique store and/or eCommerce Fulfillment Centre), You will provide to the LCBO a **20% rebate of the original price paid by the LCBO for all inventories that are remaining**. The retail selling price of the Product will subsequently be marked down for faster sell through.*

*6. Retail Price. By confirming the NTP (net total price?) through NISS (the LCBO's order submission system), you agree that the final negotiated retail price of \$19.00 (including deposit) will be adhered to, and that any adjustments in order to achieve this retail will be agreed to (what they are saying here is, **should the retail price of the wine go up for any reason in the three or so months it takes to get the wine from the winery to the LCBO shelves – currency exchange, duty rates, shipping charges, LCBO markups or whatever – the winery or the agent will make up the difference!**).*

Note 2 – Our wineries are relatively small, family-run affairs that can easily sell all the wine that they produce. They deal with us because of their relationship with Christian Esparza. These wineries simply do not need the LCBO (some have had negative past experiences with the LCBO). They refuse to incur additional financial risk and uncertainty due to circumstances beyond their control.
