

NOTICE OF CHANGE IN CONNECTION WITH DEFAULT NOTIFICATION June 2011

To Our Valued Customers,

In an effort to provide better customer service, we are offering a new option for Retailers to receive notifications of pending payments defaults via email. As you know when a retail licensee fails to pay for goods sold and delivered by the final payment date, a wholesaler is required to notify the New York State Liquor Authority (“SLA”). If payment is not received by the notification date set by statute, the retail licensee is placed on a delinquent list and cannot be given credit by any wholesaler until it is removed from the list. Many retailers have complained that they find themselves on the list when they did not know that they had failed to make timely payment. In order to help address this, the SLA recently authorized Retail Licensees who wish to obtain notices of pending payment defaults by email rather than first class mail. Empire Merchants is participating in this program.

In order to participate, you must agree to receive notices from Empire via email and provide us with an email address. Here is how the new procedure will work:

- On or before the Final Payment Date (or as noted on the invoice as “Due Date”), Empire will email to you a list of all invoices due on the Final Payment Date (“First Notice”). This notice will state the Notification Date on which Empire is required to report the failure to the SLA if payment of the outstanding invoice balances has not been received.
- In the event that any amount due listed on the “First Notice” is not paid in full, as required by NYS law Empire will report your delinquency to the SLA and email a copy of the report to you. This email notice will replace the notice which is sent by first class mail to any retail licensee who does not choose to participate in the email program.

If you notify us prior to the Notification Date that you dispute a portion of the invoice, and if we agree that there is a valid issue and provided you pay the portion of the invoice which is not in dispute, the SLA has authorized Empire Merchants to delay the notice of default for a period of not more than 7 days so that we may investigate the dispute. If we agree with you, we will adjust the invoice according. However, should we determine that we do not believe there is a valid dispute or if we cannot resolve the dispute within seven days from the original Notification date and any amount remains unpaid, under the SLA directive, Empire will be required to send you an email notice that a balance remains due and as a consequence Empire has sent Notification to the New York State Liquor Authority and you will be placed on the New York State Liquor Authority’s Delinquent List.

You should also note that while Empire is required by law to report you if it determines that you owe money for goods sold and delivered or if a dispute cannot be resolved within seven days, you are not without a remedy if you do not believe the money is due. Under New York State Law, you may appeal to the SLA. The SLA has the authority to evaluate the situation and if it agrees with you, the SLA can remove you from the Delinquent List.

We hope you will avail yourself of this new service. Email provides a more efficient and timely way to communicate information regarding when invoices are due. With that information you will be in a better position to make timely payments and avoid being placed on the Delinquent List.

If you would like to enroll in this new service, please complete the form below to opt in to receiving notices and information via email from Empire Merchants, LLC. We have also prepared a Frequently Asked Questions (FAQ) document for your review to answer any questions you may have or you may reach your Sales Representative directly.

You may also wish to view our Privacy Policy which is located on our website www.empiremerchants.com under the “Customer/Policy Memos” tab.