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ABC ADVISORY OPINION 2025-001

November 21, 2025

Question: 1. May an individual or business entity be the **sole beneficiary** of an **irrevocable trust** holding a **10% or greater interest in a manufacturer** while simultaneously holding a **majority ownership** interest in a retailer, without violating Kentucky's prohibitions on interlocking substantial interests?

2. If the answer to the first question is no, then may an investment entity be the **sole beneficiary** of **one irrevocable trust** holding a **10% or greater interest in a manufacturer** licensed under **KRS 243.030**, while also being the **sole beneficiary** of a **second irrevocable trust** managed by a **different, unaffiliated trustee** and holding a **majority interest in an applicant for an NQ2 retail drink license**, without violating **KRS 243.110**?

Requested by: Hon. Chris Rambicure
on behalf of M Stuff, LLC

Syllabus: The Department lacks sufficient information from Requester's descriptions of the trusts in each arrangement Requester provides to determine whether prohibited interlocking substantial interests exist across the tiers by operation of irrevocable trusts. The determination of whether the trusts in question offer direct or indirect control over the alcoholic beverage licensed businesses described in violation of KRS 243.110(6) and 804 KAR 4:015 is a fact-specific inquiry requiring review of the operative trust and business governance documents.

Statutes construed: None

Legal authority: KRS 241.060; 804 KAR 6:020 § 5.

Opinion of the Department of Alcoholic Beverage Control

The Department has received a two-part request for an advisory opinion on behalf of M Stuff, LLC, (“Requester”) which seeks to hold: (1) a 50% direct ownership interest in a Non-Quota Type 2 (NQ2) retail drink licensee; and (2) a 21% beneficial interest in an irrevocable trust holding a craft distiller’s license under KRS 243.030(1)(b) in trust. Requester asks if this arrangement can be done without violating the prohibition against alcoholic beverage licensees holding substantial interlocking interests across tiers of the three-tier system.

Unfortunately, the Department lacks sufficient information from Requester’s descriptions of the trusts in each arrangement Requester outlines to determine whether prohibited interlocking substantial interests exist across the tiers by operation of irrevocable trusts. The determination of whether the trusts in question offer direct or indirect control over the alcoholic beverage licensed businesses described, in violation of KRS 243.110(6) and 804 KAR 4:015, is a fact-specific inquiry requiring review of the operative trust and business governance documents.

Since the request does not provide enough information to reach any definitive conclusion on its face, the Department—in accordance with 804 KAR 6:020 § 5(4)—declines to issue an advisory opinion in response to Requester’s request.



Scotty Tracy
Commissioner
Department of Alcoholic Beverage Control