

**3 AAC 304.980. Prohibited Financial Interest**

**3 AAC 304.980 Article 8 “Prohibited Financial Interest; representative or owner” is amended to add new numbering (a) and (b) and a new section (b) as follows, and to amend the title of the section to “Prohibited Financial Interest”:**

**Comment [HDM1]:** This will have to be done as a repeal and readopt; it's a technical change we can make.

3AAC 304.980 Prohibited Financial Interest

(a) Representative or owner [insert text of current regulation here]

(b) Management agreements

- (1) When a liquor licensee enters into a management agreement with a person who does not have an ownership interest in the liquor license to be responsible for the day-to-day operations of a liquor licensee, said agreement must be in writing and signed by the licensee, a majority shareholder of a corporate licensee, or a majority member of a LLC licensee, and by the non-licensee agreeing to manage the operation of the business.
- (2) A copy of the signed, written management agreement must be filed with the board to be placed in the license filed. When a management agreement has ended, is updated, or a new agreement is entered into, the new or updated agreement must be filed with the board to be placed in the license filed within 10 days of the change to the agreement.
- (3) A management agreement must be reviewed by director of the board for compliance with this section, and any errors or omissions must be corrected by the licensee within 10 days of receipt of notification of the error or omission.
- (4) A management agreement must contain the entire text of AS 04.11.450(a),

04.21.030, and 3 AAC 302.205 and contain language that indicated both parties to the agreement have read and understood those statutes and regulations and agree to comply with same.

(5) A management agreement may not contain language that could be read as contrary to any of the statutes or regulations set forth in section(4) above.

(6) A management agreement may not create a mechanism for a manager who is not a licensee to derive profit from the sale of alcohol in violation of AS 04.11.450, including but not limited to an agreement for a manager to keep all profit above a certain amount of income when such profit may be derived from the sale of alcoholic beverages.

**Comment [HDM2]:** This section, in particular, needs work to conform to the conventions of "regulationsese" but the object is clear.

**Authority:** AS 04.11.150 AS 04.11 .450