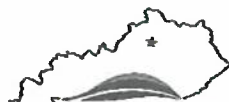


Advisory Opinion Request Form
November 2019



ALCOHOLIC BEVERAGE CONTROL
COMMONWEALTH OF KENTUCKY
DEPARTMENT OF ALCOHOLIC BEVERAGE CONTROL
500 Mero Street 2NE33
Frankfort, KY 40601
502-564-4850 phone
502-564-1442 fax
<http://abc.ky.gov>

Date received

AOR NO.: _____
FOR ABC USE ONLY

ADVISORY OPINION REQUEST FORM

Attach additional pages as necessary and any documentation, research, or other evidence that you request the Department to consider.

Name of Requestor (individual or business entity): Chris Rambicure, General Counsel, M Stuff LLC

Address: 109 Fieldview Dr., 1st Floor

City: Versailles State: KY County: Woodford
Zip Code: 40383 Phone Number: (859) 608-8793
Email: crambicure@mstuffholdings.com

The above individual or business entity requests an: ☒ Advisory opinion ☐ Reconsideration request

If this is a reconsideration request or comment, the application Advisory opinion number: N/A
See Attachment

Question or issue to be addressed: _____

Applicable statutes, regulations, ordinances, or other authority: See Attachment

Proposed response, comment, or basis for reconsideration request: See Attachment

To your knowledge, is the question for which you request an advisory opinion or reconsideration pending before, under investigation by, or recently decided by a court or government entity? ☐ Yes ☒ No

If yes, please identify the court or government agency, any case or proceeding number, and filing dates of the proceeding or investigation N/A

Signature of Requestor or Requestor's Agent [Signature] Date 7/16/25

Signer's Name and title if requestor is a business entity Chris Rambicure, General Counsel Date 7/16/25

ATTACHMENT TO REQUEST FOR ADVISORY OPINION
M Stuff LLC – July 16, 2025

Question or Issue to Be Addressed:

Summary of Issue

M Stuff, LLC, an investment and holding company with interests in the hospitality sector, is concurrently undertaking (a) development planning for an entertainment complex that would hold a **Nonquota Type 2 (NQ2) retail drink license**, and (b) due diligence for an equity investment that could result in an indirect ownership interest in a business holding a **craft distiller’s license** under **KRS 243.030(1)(b)**.

If both transactions proceed as currently contemplated, **M Stuff** could own:

1. A **50% direct interest** in the applicant for an NQ2 retail license (the “Retailer”), and
2. An approximately **21% indirect interest** in the holder of a craft distiller’s license (the “Distiller”).

We recognize that these ownership positions could potentially raise concerns under **KRS 243.110(1)** and associated regulations prohibiting interlocking substantial interests between incompatible license types. We are therefore evaluating structural solutions, including the use of **irrevocable trusts** to avoid any such incompatibility. Out of an abundance of caution, we respectfully seek the guidance of the Kentucky Department of Alcoholic Beverage Control (“ABC”) through the enclosed Advisory Opinion Request.

Questions Presented

1. May an investment entity be the **sole beneficiary** of an **irrevocable trust** holding a **10% or greater interest in a manufacturer** licensed under **KRS 243.030**, while also serving as the **majority owner of an applicant for an NQ2 retail drink license**, without violating **KRS 243.110**?
 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**?
-

Applicable Authority

ABC Statutes and Regulations

- *KRS 243.110(1)* – Prohibits incompatible licenses absent express statutory exceptions.
- *KRS 243.110(6)* – Prohibits circumvention through indirect ownership or control; mandates denial where substantial interlocking interest exists.
- *KRS 243.030(1)(b)* and *KRS 243.030(26)* – List craft distiller and NQ2 licenses.
- *804 KAR 4:015* – Defines “substantial interest” to include direct or indirect ownership ($\geq 10\%$) or the ability to control/influence decisions.

Kentucky Uniform Trust Code

- *KRS 386B.1-010(3)* – Legal title to trust assets vests in the **trustee**; beneficiaries hold only equitable interests (*see also Anderson v. Abbott*, 61 F. Supp. 888, 312 (1945)).
 - *KRS 386B.8-150(1)(b)* – Trustees possess all powers over trust property that an individual owner would have.
 - *KRS 386B.8-160(6)* – Trustees may act as members or shareholders of business entities owned by the trust.
-

Proposed Response (Draft Opinion)

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:

Subject to the ABC Administrator's review of applicable **trust agreements** and **governance documents**, an investment entity may (a) be the sole beneficiary of an **irrevocable trust** holding a $\geq 10\%$ interest in a manufacturer, and (b) serve as the majority owner of a retail licensee, without facial violation of **KRS 243.110** or **804 KAR 4:015**. Likewise, an investment entity may be the sole beneficiary of two different irrevocable trusts managed by different, unaffiliated trustees, each of which, respectively, (a) holds a $\geq 10\%$ interest in a manufacturer, and (b) holds a majority ownership interest in a retail licensee, without facial violation of **KRS 243.110** or **804 KAR 4:015**. In both instances, the trust and business governance structure must ensure true separation of ownership, control, and management and are subject to examination by the state administrator pursuant to **KRS 243.110(6)**.

Statutes Construed:

KRS 243.110, KRS 386B.1-010, KRS 386B.8-150, KRS 386B.8-160

Legal Authority:

KRS 241.060

Proposed Opinion of the Department of Alcoholic Beverage Control:

The Department has received a request for advisory opinion from **M Stuff, LLC** concerning the application of **KRS 243.110** and **804 KAR 4:015** to proposed ownership structures involving both manufacturing and retail licenses. Specifically, M Stuff seeks confirmation that it may

simultaneously (a) be the **sole beneficiary** of a trust holding a **10% or greater interest in a manufacturer**, and (b) serve as **majority owner of an applicant for an NQ2 retail drink license**, without triggering interlocking substantial interest prohibitions. Alternatively, M Stuff seeks confirmation that it may simultaneously (a) be the **sole beneficiary** of a trust holding a **10% or greater interest in a manufacturer**, and (b) be the **sole beneficiary** of a trust managed by a **different, unaffiliated trustee** that serves as the **majority owner of an applicant for an NQ2 retail drink license**, without triggering interlocking substantial interest prohibitions.

The Department advises that, on its face, neither arrangement **would not constitute a prohibited interlocking substantial interest**, provided that:

1. The **trustee(s)** hold(s) **legal title** and **exclusive authority** over the manufacturer-related interest; and
2. The **beneficiary** (including any affiliates) retains **no legal or practical ability to control or influence** decisions relating to the manufacturer.

As established in **KRS 386B.1-010(3)**, beneficiaries of a valid **irrevocable trust** hold **only equitable interests**; they do not hold **legal title** or governance rights over trust assets. Consequently, such beneficial interests do not, by themselves, constitute “ownership” for purposes of **804 KAR 4:015**, provided the trust instrument enforces the requisite separation of powers.

The Department emphasizes that **each case will require individual review of the operative trust and business governance documents** to ensure that no direct or indirect ability to control or influence exists across the license tiers, consistent with **KRS 243.110(6)**.