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Monopolization

West Virginia Distributors Make a Case Out of Wine Monopolization

Six wine distributors in West Virginia July 11 accused a multibillion-dollar national alcohol company of monopolizing the state's wine distribution industry.

The lawsuit claims Johnson Brothers Liquor Co. and its West Virginia operation, Mountain State Beverage, used anticompetitive practices to acquire more than half the wine distribution market in the state. The plaintiffs are seeking compensation for lost sales.

The complaint says Mountain State Beverage operated at a loss to drive competitors out of business, paid fees to persuade suppliers to refuse to do business with competitors, attempted to convince other distributors' customers to end their relationships with those distributors, and put pressure on other distributors' employees to quit their jobs.

Johnson Brothers didn't immediately respond to a request for comment about the allegations.

One of the distributors, plaintiff J.C. Distributing, was put out of business in 2015. Another plaintiff, Atomic Distributing Company, saw its business decline when E.&J. Gallo Winery, one of the nation's largest

wine suppliers, refused to continue supplying E. & J. Gallo. That ended a 35-year business relationship, the plaintiffs said.

State Law Violations The suit also says Johnson Brothers is in violation of the state's liquor laws. West Virginia law prohibits a wine manufacturer from owning a licensed wine distributor or having an immediate family member who owns a license as a wine distributor.

The family that owns Johnson Brothers owns Prestige Wine & Spirits Group, a wine manufacturer whose wines are sold in West Virginia by Mountain State Beverage. The family that owns Johnson Brothers recently acquired majority ownership of Mountain State Beverage.

The case will be heard by Judge David Sims of West Virginia's First Judicial Circuit. The other plaintiffs in the case are Wine and Beverage Merchants, Beverage Distributors, Inc., Jo's Globe Inc., and Martin Distributing Company. The wine distributors are represented by Charleston-based Steve Ruby of Bailey & Glasser, LLP.

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