

LEGACY PARTNERS
Distribution, LLC

FAVORABLE Support of House Bill 1333:

Minority Participation in the Alcoholic Beverages Industry - Study

Dear Chairman Dereck Davis and Members of the House Economic Matters Committee:

I am Gerald Boyd, President Emeritus of DB Consulting Group, Inc., a government contracting business my son and I established in Maryland in 2000. Today we have more than 300 employees. Six years ago, I started a new business in Maryland, Legacy Partners Distribution, LLC. As the business owner, I received federal and state licensing to operate a liquor wholesale distribution business in Maryland and I hired staff, leased warehouse space, and procured contracts to distribute several brands of liquor.

Today, 87 years since the end of Prohibition in 1933, a major disparity exists in Maryland in the liquor industry as African Americans and other minorities are still grossly underrepresented. Maryland's regulatory approach to alcohol sales is the three-tier system which is consistent with the nationwide regulatory approach. The three-tiered system is comprised of (1) the supplier tier, (2) the wholesale distributor tier, and (3) the retailer tier. I would like to note that the level of underrepresentation in tier (2), the wholesale distributor tier, is such that African Americans and other minorities are virtually non-existent.

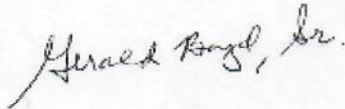
Relative to this, for the past three years I have tried to supply products to the casinos in Maryland, specifically at the Horseshoe casino in Baltimore City, the Maryland Live casino in Anne Arundel County, and the MGM casino in Prince George's County. Maryland casino licenses require that at least 29 percent of a casino's purchases of goods and services be made with a minority-owned business if one exists. Given that the three casinos named hadn't met that 29 percent participation requirement, my minority-owned liquor wholesale distribution business should have been utilized to help meet that requirement, especially given that I am the only African American-owned liquor wholesale distributor licensed in the state of Maryland. Specifically, over the last three years these casinos have ordered almost 200 cases of liquor from Legacy, by comparison, they have ordered at least 31,000 cases of liquor from the other wholesale distributors over the last three years. This highlights the disparity.

This appears to be a statewide issue as it apparent that my minority-owned business does not have equal access to compete for the liquor wholesale distribution business at the Horseshoe, Maryland Live and MGM casinos, which are in three different jurisdictions within the state.

Today, this industry is dominated by a handful of wholesale distribution companies who refer to themselves as "family owned businesses". They have made billions of dollars in generational wealth since the end of prohibition in 1933. To this point, a review of the current websites for the three (3) largest liquor wholesale distribution companies will reveal that their combined revenue in 2020 alone was over \$30 billion. Without a study to confirm the magnitude of the disparity that has existed since prohibition ended, the large wholesale distributors will continue to conduct business unaware that there is a major disparity, although they are fully aware that a significant percentage of their revenue and customer base comes from African American and other minority populations.

This study is needed to confirm the existence of this egregious disparity and I support the passage of House Bill 1333.

Respectfully,

A handwritten signature in cursive script that reads "Gerald Boyd, Sr.".

Gerald Boyd Sr.
President/CEO
Legacy Partners Distribution, LLC.

MDOT - 18-496
PGC SDDD MBE - 18-13371
PGC SDDD CLB - CLBC-16-045