

MAINE STATE LEGISLATURE

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**Sale of Majority Interest in Corporation Holding a Liquor License -
Requirement of Reapplication for License**

SYLLABUS:

The sale of a majority stockholder's entire interest in a corporation licensed to sell malt liquor pursuant to 28 M.R.S.A. § 201 et seq to the sole minority stockholder of such corporation requires the new 100% stockholder to surrender the license under which the corporation had theretofore been operating, and apply for a new license.

FACTS:

In June, 1972, corporation "X" applied for and was granted a license pursuant to 28 M.R.S.A. § 201 et seq, to operate a restaurant selling malt liquor. All of the outstanding stock of corporation "X" was owned by two individuals in the following proportions 65% - 35%.

In September, 1972 the 65% stockholder sold her entire 65% interest in the corporation to the 35% stockholder, giving the 35% stockholder 100% ownership of the outstanding shares.

The malt liquor license which had been issued in June, 1972 was not due to expire until June, 1973.

QUESTION:

Where a 65% majority stockholder in a corporation licensed pursuant to 28 M.R.S.A. § 201 et seq sells her entire majority interest to the 35% minority stockholder, giving the minority stockholder 100% ownership of the outstanding stock, must the new 100% owner surrender the license under which the corporation had theretofore been operating, and apply for a new license?

ANSWER:

Yes.

REASONS:

28 M.R.S.A. § 203 provides, in pertinent part:

§ 203. Transfer of licenses; death; bankruptcy; receivership; guardianship; corporations

Except as otherwise provided in this section, no license privilege nor any interest in a license privilege shall be sold, transferred, assigned or otherwise subject to control by any person other than the licensee, and in case of sale, transfer or assignment of the business or any interest in the business in connection with which a licensed activity is conducted the license holder shall immediately send in his license to the commission and submit a statement under oath showing the name and address of the purchaser or any other person directly or indirectly interested in the enterprise. If said licensee shall sell, transfer or assign a minority interest in the property or premises to which a license has been granted, then if the majority stockholder or partner remains the same as in the original license issued, the commission shall issue a new license upon the payment of a \$10 transfer fee."

"Any sale of stock of a corporate license which effects a change of control of the licensed premises shall be considered a transfer within the meaning of this section, and a new license must be purchased."

In the instant case there has clearly been a "sale of stock of a corporate licensee which effects a change of control of the licensed premises." Indeed, by virtue of the transfer, the sole and exclusive control has been vested in one person - the former 35% minority stockholder.

Under the foregoing circumstances, there can be no question but that a new license is required.