

185—4.20(123) Class “E” retail alcohol licensee methods of payment accepted. The division may accept personal or business checks from a class “E” retail alcohol licensee made payable to the division for the amount of the purchase which has been certified by the bank on which the check is drawn. Bank drafts, signed by the licensee, will be accepted.

4.20(1) A retail alcohol licensed establishment which tenders the division one insufficient funds bank draft for the purchase of alcoholic liquor will lose its bank draft privilege for 90 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period. A retail alcohol licensed establishment which tenders the division more than one insufficient funds bank draft for the purchase of alcoholic liquor will lose its bank draft privilege for 180 days from the date the establishment pays the division even though the division does not suspend the liquor license because the establishment paid the division within the 10-day demand period.

During the period that a licensee may not tender bank drafts to the division in payment for alcoholic liquor, the division may accept from the licensee a money order payable to the division for the amount of the purchase, a bank cashier’s check signed by a bank official and made payable to the division for the amount of the purchase, or the licensee’s personal or business check made payable to the division for the amount of the purchase which has been certified by the bank on which the check is drawn.

4.20(2) The division may collect from the licensee a \$10 fee for each dishonored bank draft tendered to the division by a licensee for the purchase of alcoholic beverages.

4.20(3) The division may require, at the discretion of the administrator, that a licensee submit a letter of credit in a reasonable amount to be determined by the administrator for future purchases of alcoholic liquor from the division, when a licensee tenders to the division a bank draft which is subsequently dishonored by the bank if the licensee fails to satisfy the obligation within ten days after service of notice of nonpayment and penalty.

This rule is intended to implement Iowa Code sections 123.4 and 123.24.
[ARC 7073C, IAB 9/20/23, effective 10/25/23]