



State Auditor

**Dave Boliek**

## **RAPID RESPONSE SPECIAL REPORT**

North Carolina

Office of the State Auditor

Rapid Response Division

**1-800-730-TIPS**

April 17, 2026

# Beaufort County Alcoholic Beverage Control Board

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## **WHY WE CONDUCTED THIS REPORT**

The North Carolina Office of the State Auditor (OSA) received allegations regarding the disbursement of allocated-limited distribution products bottles by the Beaufort County Alcoholic Beverage Control Board (the Board).

## **OBJECTIVE**

To assess the Board's disbursement of allocated-limited distribution products bottles purchased by customers as part of the Board's annual Holiday Bourbon Right-to-Buy Lottery.

## **WHAT WE FOUND**

OSA determined that the Board has adequate policies and procedures in place to govern the administration of its annual lottery for high-demand liquor items with monthly allocated drops. Additionally, the Board's policies and procedures provide a sufficient level of public transparency regarding the lottery, without sacrificing customer privacy or safety. No unusual purchases, sales patterns, or transactions were identified by the review.

## **BACKGROUND**

North Carolina operates under a state-controlled liquor distribution system, by which the State government manages both the wholesale and retail sale of spirituous liquor. Oversight of this system is vested in the North Carolina Alcoholic Beverage Control Commission (the Commission), an independent State agency housed within the North Carolina Department of Public Safety (NCDPS) that reports directly to the Office of the Governor.<sup>1</sup>

The Commission is responsible for distributing liquor to local ABC boards across all 100 North Carolina counties. Distribution follows submission of orders by local ABC boards; The commission must follow statutory guidelines when allocating profits to local governments.<sup>2</sup>

In addition to standard inventory, counties periodically receive allocated-limited distribution products. These high-demand products (including small-batch bourbons) are distributed to consumers via methods determined by each local ABC board.

The Beaufort County Board manages the

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<sup>1</sup> "About the NC ABC Commission," [Online]. Available: <https://www.abc.nc.gov/about-nc-abc-commission>.

<sup>2</sup> See [N.C.G.S. § 18B-805](#).

distribution of allocated-limited distribution products through a combination of right-to-buy lotteries and first-come, first-served promotions. Announcements of these drops are communicated via the Board's promotional emails and are posted on the Board's Facebook page. The selection process varies based on the type of liquor and the timing of the release. Monthly limited drops, which typically consist of more commonly available bottles, are generally offered on a first-come, first-served basis. In addition, the Board occasionally implements smaller "drip-drop" releases for special occasions, allowing flexibility in meeting consumer demand for high-demand products. An example is the Board's most recent lottery, which was announced on Facebook on December 8, 2025, and featured 40 different liquor products with retail prices up to \$299.95.<sup>3</sup>

## **OSA'S REVIEW AND ANALYSIS OF BEAUFORT COUNTY ABC'S RIGHT-TO-BUY LOTTERY**

### **Methodology**

OSA obtained and analyzed documents and records concerning policies and procedures for alcohol inventory distribution at all Beaufort County ABC stores between 2024 and 2025. Additionally, OSA reviewed point-of-sales reports for all liquor items for all Beaufort County ABC stores; documents regarding the acquisition, distribution, marketing, and sale of allocated liquor items; documents related to the operating hours of all Beaufort County ABC stores; and documents and records related to the Right-to-Buy Lottery.

Further, OSA analyzed the Commission's policies and procedures regarding the sale of liquor items by local ABC Boards, consulted prior Performance Audits of the Commission, and conducted open-source searches on other North Carolina ABC Board programs involving the distribution, marketing, and sale of allocated liquor items and right-to-buy lotteries. In addition, OSA interviewed the Beaufort County ABC General Manager and several Board employees.

### **Overview**

The Board conducts an annual right-to-buy lottery for highly allocated products, including the Pappy Van Winkle and Buffalo Trace Antique Collection (BTAC) series. One bottle per year is reserved for purchase by the individual permittee with the highest annual purchase volume, and the remaining bottles are sold via a lottery for the general public.<sup>4</sup>

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<sup>3</sup> "2025 Lottery Bottle List," [Online]. Available:

<https://www.facebook.com/BeaufortcountyABCBoard/photos/2025-lottery-bottle-list/1146958594316433/>.

<sup>4</sup> The Board's formal response to OSA submitted on November 20, 2025.

On November 18, 2024, the Board authorized its employees to participate in the lottery, under the same eligibility requirements as the public. These requirements include:

- Individuals must be at least 21 years of age;
- Participants must be residents of Beaufort County, with valid State-issued identification cards for confirmation at the time of purchase; and
- Only one lottery entry is permitted per household address.<sup>5</sup>

In 2024, 99 bottles (corresponding to 15 different Pappy Van Winkle/BTAC products) were purchased by the Board for distribution in the lottery, with 198 registrants entering the drawing. The drawing was conducted using a physical ticket system witnessed by multiple employees. Phone calls to the winners were made on December 9, 2024, with a purchase deadline of December 31, 2024. A list of winning ticket numbers and corresponding bottles was posted publicly. Winners of items priced over \$200 were offered the alternative of purchasing a bottle priced at \$49.95.<sup>6</sup>

The Board updated its lottery policies in 2024 and 2025 to address growing interest and operational concerns. For example, before 2024, winners were contacted by phone. If unreachable by phone, the next registrant was selected. The Board revised this process (by leaving a voice-mail message and allowing time for the winner to call back) to mitigate issues such as safety concerns when driving to the store, timing advantages (since some winners are notified earlier than others), and employee participation.<sup>7</sup>

An interview with the Board's General Manager and several employees revealed that the Board does not publicly disclose the names of right-to-buy lottery winners. Instead, the Board only uses identifying information during the verification process, when it compares the name and address listed on the winner's acceptable identification to the information provided at registration. The Board emphasized that transparency measures, such as conducting the drawing in the presence of multiple employees, are implemented in a manner that preserves the privacy and safety of lottery participants.

During OSA's review, the Board also shared the following updates about its 2025 lottery, registration for which opened on October 1, 2025 and closed on December 5, 2025:<sup>8</sup>

- The Board was permitted to purchase bottles of five of the 15 Pappy Van Winkle and BTAC products on behalf of the county.
- As of December 8, 2025, a record number of 456 individuals had entered the lottery.

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<sup>5</sup> "Beaufort County ABC Board Holiday Bourbon Right to Buy Lottery" document provided by the Board to OSA.

<sup>6</sup> The Board's formal response to OSA submitted on November 20, 2025.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

- The Board implemented online registration to allow increased participation. Prior to 2024, individuals had to register at the Board’s Administrative Office.
- The lottery drawing was videotaped, with multiple staff members serving as witnesses.
- Due to the limited supply of Pappy Van Winkle/BTAC products, the Board’s General Manager supplemented the lottery with additional bottles from the December 2025 first-come, first-served allocation.

## **SUMMARY**

The Board has several measures in place to enhance transparency in its right-to-buy lottery process, while prioritizing customer safety and operational integrity. Allocated product releases are communicated through consistent and accessible channels, primarily promotional emails and social media, to ensure equal opportunity for participation. The Board continually reviews and updates its lottery procedures to improve clarity and fairness, incorporating changes such as online registration, public posting of winning ticket numbers, and videotaped drawings witnessed by multiple staff members. These updates are designed to address growing interest in allocated products, mitigate risks associated with safety concerns, and ensure objectivity.

## **FINDINGS AND RECOMMENDATIONS**

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None.

# RESPONSE FROM BEAUFORT COUNTY ALCOHOLIC BEVERAGE CONTROL BOARD



DONALD SADLER  
Chairman of Board  
Washington, N.C.

SHANNON RUSSELL  
General Manager  
Washington, N.C.

## BEAUFORT COUNTY Alcoholic Beverage Control Board 770 Carolina Avenue, P.O. Box 2552 Washington, N.C. 27889

April 1, 2026

The Honorable Dave Boliek  
The North Carolina Office of State Auditor  
20601 Mail Service Center  
Raleigh, NC 27699

RE: Beaufort County Alcoholic Beverage Control Board Response to the North Carolina Office of State Auditor Rapid Response Special Report

Dear Auditor Boliek:

On behalf of the Beaufort County Alcoholic Beverage Control Board (the "Board"), we respectfully submit this response to the North Carolina Office of the State Auditor's (OSA) March 2026 Rapid Response Special Report regarding the Board's disbursement of allocated-limited distribution liquor products, including the Board's Holiday Bourbon Right-to-Buy Lottery (the "Lottery") process. The Board believes it is important to note this review originated in February 2025 following the OSA's receipt of allegations, and we appreciate the thoroughness and professionalism demonstrated by the Office of the State Auditor throughout the course of its investigation.

The Board appreciates the time, attention, and professionalism demonstrated by OSA throughout this review process. We recognize the importance of maintaining public trust and accountability in the administration of North Carolina's ABC system and welcome the opportunity to participate in reviews that promote transparency and operational excellence.

We are pleased OSA's review concluded that the Board maintains adequate policies and procedures governing the administration of its Lottery and allocated-limited distribution products, and that these processes provide a sufficient level of transparency while appropriately

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safeguarding customer privacy and safety. We also note and appreciate OSA's finding that no unusual purchases, sales patterns, or transactions were identified during the review period. The Board has made a deliberate effort in recent years to strengthen its processes in response to increasing public interest in allocated-limited distribution products.

The Board remains committed to continuous improvement. While the OSA's report contains **no findings or recommendations**, we will continue to evaluate our practices to ensure they align with best practices, statutory requirements, and the expectations of the citizens we serve. We will also remain attentive to any future guidance issued by OSA or the North Carolina ABC Commission.

The Board also recognizes that matters of public interest can, at times, attract heightened attention from external stakeholders. While we fully respect the role of oversight in promoting accountability, we believe it is equally important that such processes are carried out in a manner that reflects objectivity, consistency, and a commitment to serving all communities and public entities without regard to political considerations. The Board remains committed to constructive engagement and welcomes the opportunity to share additional context regarding its operations and governance, should further discussion be helpful in ensuring a complete and balanced public understanding.

We appreciate OSA's recognition of the Board's efforts to balance fairness, transparency, and customer safety in a high-demand and highly scrutinized area of operations. The Board takes seriously its responsibility to administer these programs with integrity and consistency. Thank you again for your review and for your commitment to promoting accountability across North Carolina's public institutions. Should you have any questions or require additional information, please do not hesitate to contact us.

Respectfully submitted,



Shannon L. O. Russell  
General Manager  
Beaufort County Alcoholic Beverage Control Board

# Ordering Information

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Copies of this report may be obtained by contacting:



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