# Wine Country Woes: Crisis or Opportunity?

**California's recent winery upheavals aren't necessarily the bad news wine story that the media keep pushing.**

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© Gundlach Bundschu | Sonoma's Gundlach Bundschu has filed for Chapter 11 bankruptcy protection.

"In the midst of every crisis lies great opportunity" – Albert Einstein.

"Is it a crisis or a boring change?" – Pavement, "Gold Soundz".

California is finally undergoing the wave of winery closings and restructurings that have been predicted for the last few years.

Artesa in Napa was sold this week. Also, Gundlach Bundschu, less than five miles away across the Sonoma County line, filed for Chapter 11 bankruptcy this week. This is happening as Signorello in Napa is preparing for a foreclosure sale.

But, is this yet another "more bad news for wine" story? Not necessarily.

"The news that we are going to read is worse than what's happening underneath," said Rob McMillan, executive vice president of Silicon Valley Bank's wine division. "The first thing to recognize is that not everybody is going through the same thing."

The big reason this story is not bad news is, to reiterate, Artesa was *sold*, which means there is a buyer. Not only that, that buyer is Jean-Charles Boisset, the Burgundy-born entrepreneur who is one of the most exuberant advocates of wine in California.

“In this gloomy wine world and all this negativity, we think the opposite,” Boisset told Wine Spectator. “We decided to double down and acquire something very special.”

Meanwhile, the company selling Artesa was The Carlyle Group, a US private equity firm that made an enormous bet on wine in 2018 that has not paid off. Carlyle, which built its business on buying defense contractors, stepped outside of its area of expertise. The group bought Raventos Codorniu, the Spain-based parent company of Artesa. It also bought Accolade, Australia's second-largest wine company, best known for the Hardys brand.

Its timing was awful. Carlyle must be run by smart people; I hope so, because one of its founders bought my favorite baseball team, the Baltimore Orioles, in 2024 (it must be said that the team went downhill immediately afterward, though as a fan I don't blame David Rubinstein). But Carlyle didn't know wine any more than Rubinstein knew baseball.

Also in 2024, Carlyle unloaded Accolade, essentially handing it over to its debtors. I'm not privy to its plans or motivations for the overall Raventos Codorniu group, which is primarily known for Cava. Maybe they're seeking a buyer; maybe any cash received in this deal will help keep the larger company going. But its rapid disinvestment in wine has more than one historical precedent.

In 1978, Coca-Cola made a huge move into wine, buying Sterling and Monterey Vineyards in California and Taylor Wine Company in New York. By 1982 Coca-Cola realized wine production isn't as easy, predictable or profitable as making soft drinks, and got out of the wine business. It's still a cautionary tale 48 years later.

But it's also a tale of opportunity. Some Coca-Cola executives bought the company's California operations, named itself The Wine Group, and set up an ultra-efficient operation based off the industry's beaten path in Livermore, CA.

Today, The Wine Group is the nation's second-largest wine company, according to Wine Business Monthly, making 43 million cases of wine and employing 1150 workers. And it continues to expand while others contract. In 2025, The Wine Group bought Meiomi, Robert Mondavi Private Selection, Woodbridge and other  brands from Constellation. The Wine Group doesn't see a wine crisis; it sees an opportunity.

Winners and losers

McMillan told Wine-Searcher that the many gloom-and-doom articles about the wine industry miss the fact that some wineries are doing very well.

"What I know from looking at financial statements is that the top quartile wineries are growing by about 11 percent and they're profitable," McMillan said. "Not everybody is in the same boat. The only way that we will reach an equilibrium point of supply and demand is to reduce the number of producers and/or the costs of doing business."

Jess Lander of the San Francisco Chronicle wrote a fine story about the role of bank debt. Signorello's winery was destroyed by a 2017 wildfire. The company chose to rebuild in a very beautiful but expensive way, just before the pandemic, when visits to wineries stopped entirely. Ray Signorello told Lander that he had to repeatedly increase his loan and that American Ag Credit raised his interest rate from 4.75 percent to 12.6 percent over six years.

Gundlach Bundschu, which endured Prohibition and has survived through six generations, has a similar tale of poorly timed debt. Gundlach Bundschu took out a loan in 2020, immediately before the pandemic shutdown, to buy a 60-acre property to create an offshoot brand for Millennials.

In both cases, the companies put themselves up for sale but found no buyers willing to pay the banks as much as the debt the banks hold. Gundlach Bundschu filed for Chapter 11 bankruptcy protection, while Signorello will be sold at auction on October 2.

Signorello reminds me of Trump Winery. Patricia Kluge spent her fortune building up Kluge Estate Winery and Vineyard in Charlottesville, VA. Winemaking-wise, she put the winery where the tourists are rather than where the grapes are; Virginia is not the only wine region with this problem. But finance-wise, she took out loans to build a more impressive, expensive facility than the wine sales could support. After she defaulted, the Trump family swooped in to buy it for a mere $8.5 million; banks had originally wanted $20 million, according to Wikipedia. There's a price at which a beautiful winery property makes financial sense, but unfortunately it may not be the price paid by the person who built it.

Artesa is also a beautiful property with several major advantages, notably that it is one of the closest wineries in Napa to San Francisco, so it's easily reachable on a short day trip.

Boisset seems the perfect owner for it. He's very into design, and Artesa is visually interesting. And the French transplant has become one of Napa Valley's biggest advocates. He literally lives in Robert Mondavi's house, which he bought in 2011.

“My belief in wine, in America and in California is stronger than ever," Boisset said in a press release. "Wine carries the memory of landscapes, the intelligence of generations and the intimacy of human exchange. Its future deserves all the imagination we can bring to it.”

I'm just gonna say it: Would you rather have an important gateway to Napa Valley owned by that guy, or by private equity? This is why, in the end, this part of this story is actually good news.