

Auctions in ONT

Ontario's first live wine auction since 2014 occurred the last week of February in Toronto thanks to our friends at Waddington's. This is great for Ontario buyers, particularly restaurants who have no other buying options for back vintage wine.

The total auction had between \$590K and \$690K available of which \$359K sold representing a sell through rate (STR) of 77%. While this may be a low STR by world standards, Waddington's is making sure their consignors aren't selling too low.

As has always been the case in Ontario, the top end of the scale struggled. The Ontario appetite at the moment is not at the high end even if the price is a bargain by world standards. On the flip side, the bottom 50 lots by value sold through at 100% and the overall total in aggregate was greater than the high estimate.

The question for our clients then is "do I buy?" and the answer is a resounding "yes".

[Warren's full remarks / notes can be found here.](#)



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Hart Davis Hart's February Sale Surpasses High Estimate

Highest Prices Since 2014: Bordeaux Index Increases

Hart Davis Hart kicked off what promises to be a tremendous auction year with a blockbuster 100% sold February auction that brought in a total of \$6.3 million against presale estimates of \$4.1-6.2 million. Hammer prices in this auction were the highest since September 2014.

The two-day auction featured remarkable treasures from virtually every wine and spirit region. For example: A library of Madeira from the iconic cellar of Mr. Lenoir Josey achieved truly remarkable results. There was a flurry of bidding for the 96 lots of rarest Madeira, which triggered 88 lots to sell above their high estimates. Highlights from this remarkable parcel include three bottles of 1880 Blandy's Malmsey Madeira that garnered \$6,500 (est. \$2,200-3,200) and a single bottle of 1875 D'Oliveira Malvazia Reserva Madeira that brought in \$2,400 (est. \$500-625).

As a category, Burgundy achieved the strongest hammer prices since February of 2015. Vintage Bordeaux achieved similarly robust results, totaling \$2.2 million (pre-sale est. \$1.5-2.2 million). First Growths and "Super Seconds" from renowned vintages like 1982, 1986, 1989, and 2005 fared particularly well. As a result, the Bordeaux index increased by 14 points, rising to its highest level since October of 2014.

Other Old World wines from the Rhône Valley, Italy and Spain also continued to command top prices; while wines from the new world also piqued the interest of bidders.

Highlights:

- Shortridge Lawton & Co.: 22 lots sold for \$43,438 (est. \$23,150-34,850)
- Domaine de la Romanée-Conti: 163 lots sold for \$1,633,744.25 (est. \$1,116,550-1,679,500)
- Henri Jaye: 14 lots sold for \$224,540 (est. \$147,900-217,400)
- Armand Rousseau: 27 lots sold for \$114,302 (est. \$71,520-108,220)
- Domaine Dujac: 25 lots sold for \$62,678 (est. \$40,680-59,830)
- Comte Georges de Vogüé: 19 lots sold for \$39,555 (est. \$24,050 -35,850)
- Château Lafite Rothschild: 67 lots sold for \$427,152 (est. \$292,650-\$434,550)
- Château Pétrus: 28 lots sold for \$291,341 (est. \$204,550 -302,200)
- Château Mouton Rothschild: 51 lots sold for \$238,701 (est. \$158,450-237,100)
- Château Pichon-Longueville, Lalande: 44 lots sold for \$84,331 (est. \$59,970-88,980)
- Château La Mission Haut-Brion: 17 lots sold for \$56,225 (est. \$38,900-58,200)
- Opus One: 31 lots sold for \$62,499 (est. \$40,450-60,250)



Fake Moët in Padova

Italian financial police have hailed the discovery of more than 9,000 bottles of fake Moët & Chandon champagne in a shed in the countryside near Padova as one of the most significant seizures of counterfeit bubbly in Europe.

The Guardia di Finanza estimated the illicit loot would have been worth about €350,000 (£266,534), but could have earned the alleged counterfeiters more than €1.8m had they been able to use 40,000 fabricated Moët & Chandon labels that were also discovered.

The seizure happened late last year but was announced on Monday. Financial police in Padova who were examining a separate business happened to come across a bottle of champagne with a label on it that lacked a manufacturing serial number.

The proliferation of counterfeit luxury goods is a known problem for fashion houses such as Prada and Louis Vuitton. But the Padova news signalled it is also a significant issue for the world's top champagne producers.

The Italian police said eight people with criminal backgrounds had been found in the shed where the fake bottles were being produced. Police also said they found "interesting documentation" after some searches, and that the investigation into the counterfeit bottles was continuing, zeroing in on the source of the sparkling wine and other materials.

Ponzi Scheme Claimed in Wake of Collapse of a Rare-Wine Seller

From the outside, the Premier Cru wine store in Berkeley, Calif., looked like a traditional, upscale wine seller. The 29,000-square-foot store was lined with tapestries, wood shelves and a "rare wine room" stocked with trophy Bordeaux and Burgundies. Yet Premier Cru's didn't just sell wine off the shelves. According to court documents, it built a global, multimillion-dollar trading empire selling futures contracts for French wine to thousands of collectors and investors over the Internet. Now investigators and customers are looking into whether Premier Cru's futures business was also used to fund the largest-ever Ponzi scheme in the wine world.

In January, facing mounting lawsuits from customers, Premier Cru filed for Chapter 7 bankruptcy liquidation. The company listed \$70 million in debt and only \$7 million in assets. Along with more than 9,000 victims, the crash of Premier Cru has left a trail of questions, including: What happened to the more than \$60 million in customer payments?

The victims include teachers, doctors, accountants and wine store workers who used their savings to buy special-occasion wines with Premier Cru, and the F.B.I. announced last month that it has started an investigation into "claims of a Ponzi scheme" involving Premier Cru. The agency said that "due to the wide scope and high number of complaints" against the company; it had established a special email address for victims: premiercru.complaints@ic.fbi.gov.

Premier Cru's collapse has sent a chill through the broader wine and collectibles market. As wine, art, classic cars and other collectibles have soared in value and transformed from status trophies into financial investments, they have also become more prone to fraud. Although fake vintage wine has dogged the industry for years, there are signs that wine fraud has reached a new "financialized" stage, where millions of dollars are lost without a single bottle changing hands.

Much of Premier Cru's business came online. Wine buyers often search the Internet for the best prices for top wines, and Premier Cru often undercut its competitors by 15 to 20 percent.

In the 2000s, Premier Cru started expanding its business of selling wine futures; futures allow customers to pay for wine (usually Bordeaux or Burgundy) while it is still in the barrel but is not yet bottled or sold in retail outlets. The wine is delivered more than a year later. If a wine increases in value while it's aging, the buyer gets the wine at a discount. Some buyers can also use futures to buy wine they can later flip for a profit, turning futures into a financial investment.

In 2010 and 2011, prices for many Bordeaux wines fell as Chinese buyers started turning to Burgundy. The value of some Bordeaux wines fell more than 40 percent below their original futures price. As the values fell, Premier Cru's prices went from "simply low to irrationally low".

Some of biggest victims appear to be from China. Lawrence Wai-Mun Hui of Hong Kong spent about \$981,000 for wine from Premier Cru that was never delivered; Amanda Gong in Harbin, China, is owed \$669,000, while another, Bo Feng, is claiming losses of \$660,000, according to filings.

So far, the bankruptcy trustee and investigators have not been able to find out how owner and co-founder John Fox or his partners spent or lost the money. Mr. Fox filed for Chapter 7 personal bankruptcy in February claiming assets of less than \$50,000 and debts of \$50 million to \$100 million.

Fine Wine is Still a Great Investment

January saw further signs of optimism in the fine wine market with a 3% upturn since mid-November

January saw further signs of optimism in the fine wine market. The main indices were up by 1.1% (Liv-ex 100) and 1.4% (Liv-ex Investables). This takes the upturn since mid-November to over 3%, achieved at a steady pace over the past ten weeks.

This contrasts with other major asset markets which have experienced very turbulent trading conditions: the FTSE 100 has fallen for three consecutive months; Shanghai's benchmark stock index dropped by 22% in January alone; and oil has suffered the most, falling by 30% since mid-November.

The fine wine market's long run tendency to outperform more traditional asset classes remains unchanged. Fine wine as an asset class has outperformed equities, gold and oil over the past 21 years. Importantly, this has been achieved with lower volatility. This means that an investment in fine wine provides risk reducing portfolio diversification.

A key market indicator – the ratio of bids to offers on Liv-ex – reached its highest level since mid-2010. The ratio rose above 1.00 in mid-January; historically a ratio above 0.5% indicates a rising or at least stable market. January typically is a relatively quiet month for auctions and sell-through rates were broadly in line with expectations.

It was noticeable that in Sotheby's major sales in London and New York, Bordeaux wines took the headlines – all of the top ten highest-selling lots in London were from the region. Bordeaux has begun to take greater prominence elsewhere too: of Liv-ex's 11 indices, four are Bordeaux-only and these were the four best performing in January. This supports The Wine Investment Fund's (TWIF) exclusive focus on wine from this region and bodes well for the wider market as Bordeaux is such a key component of it.

Fine wine prices are still sitting well below their long-term trend level and a sustained recovery is more likely than not in the near future. The recent solid performance against a very difficult backdrop for other asset classes suggests this recovery may be underway.

An investment in fine wine continues to make a very useful addition to a wider investment portfolio given that the fundamentals of fine wine as an asset remain sound. Current market conditions do appear favourable for a medium-to longer-term investor.

Bordeaux 500 makes biggest gains in five years (March 2016 – update)

The Liv-ex 1000 Index gained 1.7% in March to close on 253.59. The Bordeaux 500 gained 2.4% to close on 249.01. This is its biggest month on month gain since February 2011, when it climbed 3.0%.

While the Bordeaux 500 Index was the strongest component of the Liv-ex 1000, other sub-indices also made considerable gains including the Bordeaux Legends 50 (+1.8%) and the Burgundy 150 (+1.5%). Only the Champagne 50 failed to rally. All sub-indices of the Bordeaux 500 increased in March. The Liv-ex Fine Wine 50 and the Second Wines 50, which track the Bordeaux First Growths and their Second Wines respectively, both climbed 3.3%.

All of the sub-indices are now in positive territory over one year, with the "value" Left Bank and Second Wines continuing to lead the charge.



Price ratio: DRC against Bordeaux First Growths

DRC prices have made impressive gains in recent years, while Bordeaux prices have largely stuttered. The Liv-ex Fine Wine 50 index has fallen around 40% since its peak in 2011. Over the same period, the DRC index (composed of the DRC's six brands) rose 10.9%. Over a ten-year period, the DRC index has increased 285% compared to an overall gain of 144% for the Liv-ex 50.

The ten-year average is 4.4:1 and the DRC:First Growth ratio has held above this level since December 2011, reaching a high of 6.11:1 in November 2015. The recent high was 1.83 standard deviations from the mean average for the ten-year period.

It is interesting to observe that on the flipside, the DRC:First Growth ratio bottomed out at 1.82 standard deviations below the mean average for the ten-year period.

While this alone may not be conclusive evidence to support recent market speculation that DRC prices may have peaked, it does at least add some weight to the argument that it might be time to take a closer look at the relative value of the First Growths.



Largest Celebration of Burgundy Sale to Date Achieves Outstanding Results

-- 100% Sold - Auction Brings in \$5.65 Million --

In early April, Hart Davis Hart, America's top wine auction house, continued its strong performance with its 100% sold Celebration of Burgundy sale, posting \$5.65 million in sales against a pre-auction estimate of \$3.8-5.7 million. This auction was the world's only commercial auction this year devoted exclusively to Burgundy, and featured one of the largest offerings of Burgundian wines ever sold.

The sale was Hart Davis Hart's largest Celebration of Burgundy to date, exceeding the previous record by well over \$1 million. The high hammer prices achieved at this auction confirm that the market for fine and rare wines is indeed robust.

With a catalog that was practically an encyclopedia of the region's finest wines, HDH's A Celebration of Burgundy auction presented bidders with opportunities to purchase wines from 159 domaines. Nearly half of all lots exceeded their high estimates, and many achieved record prices.

As in the past, bidders showed incredible enthusiasm for the sale's wide array of lots from the Domaine de la Romanée-Conti. Spanning an incredible 36 vintages and encompassing all of the domaine's Grand Cru vineyard sites, the sale's offering of DRC achieved a total of \$1,829,126 (est. \$1,290,900-1,920,400), claiming 23 out of the sale's top 25 lots.

Additional highlights of the sale included:

- 19 lots of Coche-Dury sold for \$43,259 (est. \$28,550-43,100)
- 63 lots of Domaine Dujac sold for \$87,175 (est. \$57,130-85,450)
- 98 lots of Domaine Leflaive sold for \$218,816 (est. \$144,800-217,400)
- 67 lots of Domaine Leroy sold for \$221,075 (est. \$138,360-206,700)
- 44 lots of Georges Roumier sold for \$111,792 (est. \$73,270-108,650)
- 21 lots of Jacky Truchot-Martin sold for \$127,028 (est. \$50,850-75,900)
- 54 lots of Jacques-Frédéric Mugnier sold for \$129,992 (est. \$87,270-129,580)
- 30 lots of Marquis d'Angerville sold for \$50,190 (est. \$31,400-\$46,650)

Top Lots by Price (inclusive of 19.5% buyer's premium):

Lot 2019: 1990 La Tâche, Domaine de la Romanée-Conti (12 bs) (est. \$32,000-48,000) \$53,775
Lot 1347: 2009 Romanée-Conti, Domaine de la Romanée-Conti (3 bs) (est. \$28,000-42,000) \$38,240
Lot 1353: 2010 Romanée-Conti, Domaine de la Romanée-Conti (3 bs) (est. \$24,000-35,000) \$35,850
Lot 1578: 1971 Romanée-Conti, Domaine de la Romanée-Conti (3 bs) (est. \$28,000-42,000) \$33,460
Lot 1715: 2007 Romanée-Conti, Domaine de la Romanée-Conti (3 bs) (est. \$20,000-30,000) \$31,070
Lot 1794: 2001 Romanée-Conti, Domaine de la Romanée-Conti (3 bs) (est. \$26,000-38,000) \$31,070
Lot 1582: 1972 Romanée-Conti, Domaine de la Romanée-Conti (4 bs) (est. \$24,000-35,000) \$28,680



Top Lots to Exceed Estimates (inclusive of 19.5% buyer's premium):

Lot 2019: 1990 La Tâche, Domaine de la Romanée-Conti (12 bs) (est. \$32,000-48,000) \$53,775
Lot 678: 1999 Charmes-Chambertin, Vieilles-Vignes, Jacky Truchot-Martin (12 bs) (est. \$6,000-9,000) \$17,925
Lot 683: 2002 Clos de la Roche, Vieilles Vignes, Jacky Truchot-Martin (12 bs) (est. \$6,000-9,000) \$16,730
Lot 682: 2002 Charmes-Chambertin, Vieilles-Vignes, Jacky Truchot-Martin (12 bs) (est. \$4,200-6,500) \$14,340
Lot 2026: 1993 Vosne-Romanée, Beaux Monts, Domaine Leroy (12 bs) (est. \$7,000-10,000) \$13,145
Lot 690: 2005 Clos de la Roche, Vieilles Vignes, Jacky Truchot-Martin (8 bs) (est. \$6,000-9,000) \$11,950
Lot 924: 1991 La Tâche, Domaine de la Romanée-Conti (3 bs) (est. \$6,000-9,000) \$11,950
Lot 689: 2005 Charmes-Chambertin, Vieilles-Vignes, Jacky Truchot-Martin (8 bs) (est. \$5,000-7,500) \$10,157
Lot 525: 1989 Corton-Renardes, Domaine Leroy (12 bs) (est. \$3,800-5,500) \$8,962
Lot 679: 1999 Clos de la Roche, Vieilles Vignes, Jacky Truchot-Martin (5 bs) (est. \$2,600-3,800) \$8,365

By the numbers:

Sale Stats: Percent sold by lot: 100%
Total Aggregate: \$5,652,338
Low Pre-Sale Estimate: \$3,868,960
High Pre-Sale Estimate: \$5,770,510

Worldwide Collector Briefs

Rare Interview with a Legendary Winemaker

The French winemaker whose prestigious Romanee-Conti is one of the world's most expensive wines has helped put the vineyards of his beloved Burgundy on the global map of cultural landmarks. Aubert de Villaine, a reserved 76-year-old, took up the mantle to get the Burgundy region's unique wine-growing tradition onto the Unesco World Heritage list. That effort succeeded in July and led to his being named a 2016 "man of the year" by the monthly French Wine Review.

Heir to one of the two families who own the Romanee-Conti domaine, Villaine found his passion for wine-growing ironically not in France, but in the United States, working as a youth at a California winery. From then on a bottle of the family's Romanee-Conti wine has regularly broken records at auctions, going for thousands of euros. At a sale in Hong Kong in 2014, a collection of 114 bottles went for US\$1.6 million (RM7.04 million)

Villaine's ancestors became the owners in the middle of the 19th century, with the Leroy family joining the vineyard in 1942. "We are incapable of explaining completely why Romanee-Conti produces a red wine with a taste so different from that of its neighbours, and why this vineyard is able year after year to produce great wine," says its winemaker.

As honorary president of the association of Burgundy winegrowers, Villaine had a reputation of working for vineyards of all sizes. His Romanee-Conti wine was for a long time the most expensive in the world, but that title recently went to another Burgundy wine, a Richebourg Grand Cru made by the late Henri Jayer, another legendary winemaker, according to the specialised website Wine-Searcher. "Classification by price is meaningless," said the veteran winemaker. "The Romanee-Conti is a Grand Cru, that's its classification."

Upcoming GTA Wine Events

Port & Douro Wine Tasting ... Monday, May 2, 2016 (4-8pm)

Hyatt Regency Toronto (370 King Street West) – Discover the best Porto and Douro Wines ... Free Admission. Registration required: registration.portodourointernationaltasting.com.

Wakefield Four Course Dinner ... Friday May 6, 2016 at Wildfire Steak House

Hosted by 3rd Generation family member, Justin Taylor. 6:30pm reception. 7:00pm Dinner. \$89 plus gratuities and taxes – call 416-483-4800 for reservations.



Iron Gate - Private Wine Management

Warren Porter is President of Iron Gate – Private Wine Management, a storage and wine collector services provider based in Toronto, Canada. In addition, Iron Gate – Private Wine Management provides home cellar management and monitoring systems, professional buying and US and international selling services for collectors in Canada since 2004.

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Featured Wine Quarterly Pick

Jean-Luc Colombo
2012 Terres Brulees
Cornas Syrah

Rhone, France

Interesting to note that the name of this wine "Terres Brulees" means burnt earth in French while the name "Cornas" (the AOC region) has roots in the Celtic word for burnt earth – so it has two things against it being described "burnt" ... but this wine is far from burnt in any way, shape, or form: lovely dark fruit and tannins meld with wood smoke, licorice and mocha ... wine to definitely age well into the next decade.

Price: \$72.95
Rating: ****+
LCBO #448837

Review courtesy of
Michael Pinkus Wine
Review . com

