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Multiple Frauds Discovered in Recent Geneva Auction

An American wine fraud expert has called into question the authenticity of a treasure trove of the world's most expensive wine after it went under the auctioneer's hammer in Geneva.

Six lots of vintage bottles from the mythical Romanée Conti Domain in Burgundy were withdrawn from the multi-million pound auction at the last minute. The rest of the sale of 1,407 bottles – worth up to £11,000 each – proceeded as planned.

The auction house, Baghera Wines, said that it would “urgently” verify the authenticity of all bottles in the sale. If any proved to be suspect, their sales would be cancelled. The head of the Baghera Wine Auction House, Mr Ganne told The Independent that he had ordered “five or six lots” to be withdrawn from the sale because of the allegations made on the site Wineberserkers.Com.

The claims were made by Don Cornwell, a Los Angeles lawyer and burgundy wine expert who has been described as “the fine wine bidder's hero” and the “wine fraudster's worst nightmare”.

The allegations have been published on the site Wineberserkers.Com. and Don alleged that “many lots” in the sale were “either outright counterfeit or highly questionable”.

He gave examples, with pictures, of bottles which had the wrong kind of engraved glass or suspect labels or the incorrect kind of “capsule” or protection over the cork. Of one bottle of 1978 Romanée Conti, estimated to be worth £10,000, he said: “The bottle itself has embossed glass ... That immediately told me this bottle is fake because none of the 1978 DRC (Domaine de Romanée Conti) wines have embossed glass. The only vintage which ever had that embossed glass was the 1974 vintage.”



Hart Davis Hart starts 2016 strong

Hart Davis Hart (HDH) is on a hot streak this year, following up the largest commercial Burgundy auction by total sales in April with a \$5.9 million-grossing wine auction the following month on May 13 and 14. The Chicago-based wine-auction house has a 100 percent sell-through rate for the 6,700 lots it has offered so far in 2016. Last year, the firm brought in \$41.5 million in total sales, surpassing all other U.S. auctioneers.

Because HDH doesn't sell in Hong Kong, a major market for rivals, its success is sometimes overlooked. But the house has succeeded by focusing on specific goals—selling in the U.S. and stressing blue-chip collectibles like Bordeaux and Burgundy.

2016 Lake Louise Wine Summit

2016 An Oenophiles Fantasy Weekend

One of the perks of being in the wine business is the ability to attend a number of wine related tastings and events throughout the year. Most are open to the public for a fee and the vast majority I pay for unless they're a simple trade tasting....but it's deductible...so life is good.



A few months ago we were planning a trip to Calgary to hunt for wine collections and I caught wind of the annual Lake Louise Wine Summit. This event has been going on for the past 12 years at the Post Hotel so I thought it could be a great way to meet some locals and start my trip off on the right foot. In short, I'm writing this article because I think this is one of the, if not the, best wine events in Canada.

The weekend starts on Thursday afternoon when participants check into the stunning Post Hotel, owned and managed by brothers George and Andre Schwartz. The sold out event is limited to 120 guests and there were 150 staff on hand as the hotel closed for all but the summit participants. On Thursday night we're shuttled to a "barn" for a fantastic meal, wine tasting for all the participating producers and an old fashioned barn dance. Terrific fun and a great way to meet some of the other participants as dining is always at communal tables and everyone is very friendly.

Friday morning after breakfast we begin with a white Burgundy tasting of Domaine William Fevre and Domaine Bouchard. The MC throughout the event is Anthony Gismondi and this tasting is lead by Luc Bouchard himself. For brevity I won't go into the tasting notes of all the wines but we're drinking some of the best these producers have to offer all weekend and Bouchard and Fevre are no exception with 10 of their 2014 premier cru and grand cru offerings.

After a brief break for a snack we return to a completely reset room (8,000 Riedel glasses are used this weekend!) to join Franco Conterno for a tasting of 8 of Poderi Aldo Conterno's best Barolo. A tall order before noon but this is not for the faint of heart. Franco is a lovely and humble speaker and while we learn about their property and wine he also tells beautiful stories of the family and his father Aldo in particular and how he shaped this iconic winery. We take an hour and a half for an amazing lunch complete with pairings for each course. I won't continue to extol how incredible the food throughout the weekend was but suffice it to say that my tuxedo didn't fit well for the gala on Saturday.

The afternoon session featured Wine Spectator's Matt Kramer discussing his two favourite wines, which were Ontario's own 2013 Norman Hardie Unfiltered Pinot Noir and Chardonnay. With Norman sharing the stage, they continued to discuss the quality of the wines many are producing in our own backyard in some of the world's best terroir as we walked through a technical tasting of 6 Norman Hardie wines complete with stories as only Norman Hardie can tell them. The reception Friday night had another incredible spread from Chef Hans Sauter and a casual tasting of 20 wines from the participating producers, none of which were in the tastings that day, nor would they be the next day.

Saturday morning started bright and early with breakfast followed by a tasting of 8 wines from Champagne Taittinger. Clovis Taittinger spoke to represent his family winery in a way I couldn't possibly replicate on paper. He was hilarious, self-deprecating, and intelligent in a way that left us all wanting more when the break came around too quickly. After the break we were lead through an 8 year vertical of Les Pavot, the top wine from Peter Michael Winery, winner of Wine Spectator's wine of the year in 2015. These are powerful wines in short supply, commanding a serious price tag.

CONTINUE TO THE NEXT PAGE...

Lake Louise Wine Summit continued

After lunch our final winery is Opus One, hosted by CEO David Pearson. This is another 8 year vertical including 1980 (second production year) until the fabulous 2012. David walks us through not only the wine itself but some great stories of the history of Opus and it's legendary founders Robert Mondavi and Baron Philippe de Rothschild. Saturday culminates with a black tie (optional) dinner and more as yet untasted wines from all the producers. The evening includes a silent auction of wine and related prizes which proudly raises \$120,500 for Kids Cancer Care Foundation of Alberta. A great band finishes the night with dancing until the wee hours.

Here's what really struck me about the weekend. Most of the people I spoke with had attended multiple years and vowed to continue. Many were on their eighth or ninth year in a row. Also, the producer representatives didn't leave when their time was up and all attended every tasting. I had lovely discussions over dinner or drinks with all of them at one point or another. I had never witnessed this at any other weekend long event with some of the best producers in the world. The price tag isn't small coming in at \$3,450 per person or \$3,775 as a single. However, this includes everything including tax, tip and first class accommodation. Not cheap, but a great value for what is included.

I'm definitely heading back next June and strongly encouraging my serious collector clients to join me. To get your name on the mailing list go to www.posthotel.com and go to the Wine Summit section to subscribe at the bottom of the page. It sells out quick....and for very good reason.



Wine Insurance NEWS

Iron Gate Wine is happy to announce a new partnership with HUB international HKMB Limited to bring you an optional wine insurance program, available exclusively to clients of Iron Gate - Private Wine Management. This program, created by AIG Private Client Group, allows obtaining superior insurance, additional to the coverage provided by Iron Gate's commercial insurance coverage.

- **Up to 150% replacement cost**
- **Newly acquired bottles and bottles in transit**
- **"Full lifestyle" insurance available**
- **100% coverage of all potential perils**

With Iron Gate and HUB HKMB, you can be sure that your investment and passion is fully protected. For more information, please contact Diane at **416-597-0008** or diane.ram@hubinternational.com or visit our site under Partners section.



Bonhams Wine Auctions Results

Romanee Conti 1999, Petrus and Le Pin from the 2010 vintage were the leading lots sold at Bonhams auctions in London and San Francisco in the past two weeks as demand for top producers from classic regions remained strong.

In recent years the Bordeaux prices have dropped, while a recent auction is showing some rebound of buyer appetite for Bordeaux region, demand for prestigious Burgundies still remains particularly strong.

The Liv-ex Fine Wine 100 Index has risen for the past six months, its longest run of monthly gains since March 2011.

Sotheby's Scores Big with Bill Koch's \$21.9 Million Wine Auction

Sotheby's New York auctioned off 20,000 bottles of fine and rare wine from the cellar of billionaire collector Bill Koch in a three-day sale from May 19 to 21. The consignment fetched a staggering \$21.9 million, topping the presale high estimate of \$15 million by 46 percent. The sale total was one of the highest ever achieved by a wine auction.

Heated bidding came from the floor, the order (bids placed prior to the auction), the telephone and Internet bidding, sending prices soaring above their estimates. Sotheby's received over 20,000 bids from buyers in 23 countries. All 2,730 lots sold.

What distinguished Koch's collection was the breadth, depth and quality of selection. From the outset, Koch sourced the best wines from the best regions. He stored them impeccably in a state-of-the-art, high-tech cellar beneath his mansion in Palm Beach, Fla.

While Koch became famous among collectors for his dogged legal campaign after he discovered numerous counterfeit wines in his cellars, he and Sotheby's went to great lengths to authenticate everything consigned.



wines.”

The Koch collection was largely French, weighted toward first-growths and other classified Bordeaux wines with a strong selection of premium Burgundies from Domaine de la Romanée-Conti, a smattering of Rhône reds, California and Italian estate wines and Vintage Port.

This sale was replete with showstoppers. Foremost were 10 bottles of the highly celebrated Château Mouton-Rothschild 1945, which sailed above the presale estimate of \$120,000 to bring in \$343,000. It went to an anonymous—and determined—telephone bidder.

Heated bidding was not limited to first-growths and their equivalents. Second-growths also experienced strong demand. A case of Château Ducru-Beaucaillou 2000 brought \$3,910 against a high estimate of \$2,200, which was also 93 percent above the wine's recent average sale price.

Six magnums of Henri Mayer Vosne-Romanée Cros Parantoux 1989 brought \$171,500 (61 percent above its estimate). A case of Domaine de la Romanée-Conti Montrachet 1978 sold for \$147,000 against a high estimate of \$75,000. Large-format wines from Domaine de la Romanée-Conti met with strong demand. A methuselah of DRC Romanée-Conti 1991 exceeded its presale estimate of \$100,000 to bring \$159,200.

150-year-old wine found in Czech castle to be auctioned

Czech authorities have discovered a 150-year-old wine collection secretly stashed in a medieval Czech monastery after the second world war and found almost 40 years later is now worth more than €1.1m (£840,000).

The 133 bottles of wine, which date mostly between 1856 and 1899, once belonged to the wealthy Beaufort-Spontin family who lived in Becov castle, but fled to Belgium after the war ended, accused of being Nazi sympathisers.

Greg Lambrecht, the creator of Coravin – an instrument which can test aged wines without fully opening them – was invited to taste the bottles, deem them drinkable and validate their quality.

No date has been for the auction.



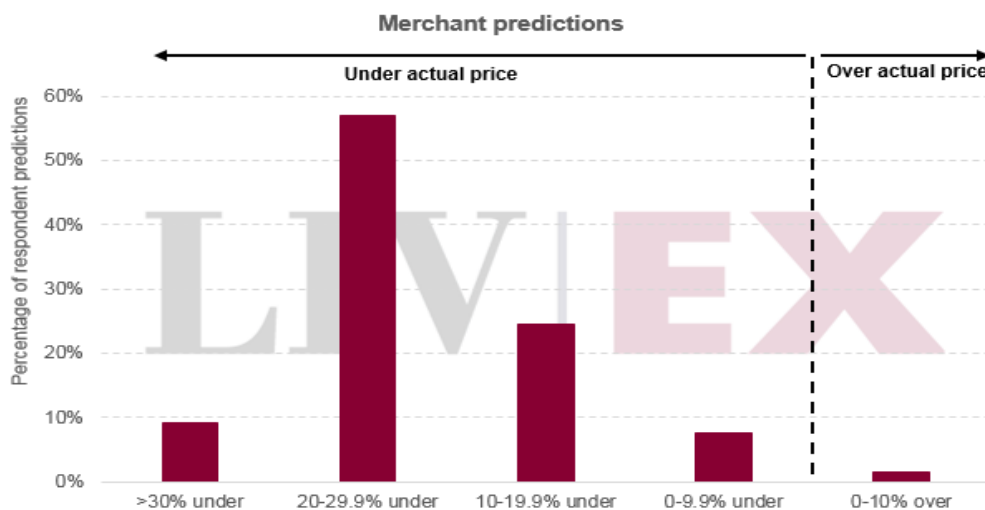
Merchants Underestimate Bordeaux 2015 Release Prices

In April Liv-ex members – 440 of the world’s largest buyers and sellers of fine wine – were challenged to predict Bordeaux 2015 release prices for ten wines. Here are their thoughts on the vintage.

Wine	2015 average prediction (ex-negociant release)	Actual 2015 release price	Prediction versus 2014 release	Actual versus 2014 release
Cos d'Estournel	€ 98.6	€ 120.0	16.6%	42.0%
Pontet Canet	€ 76.5	€ 75.0	15.9%	13.6%
Montrose	€ 97.9	€ 102.0	10.3%	14.9%
Mouton Rothschild	€ 297.7	€ 384.0	24.1%	60.0%
Pichon Lalande	€ 75.6	€ 96.0	16.6%	48.1%
Leoville Las Cases	€ 112.5	€ 138.0	17.2%	43.8%
Talbot	€ 34.0	€ 38.4	15.4%	38.4%
Cheval Blanc	€ 415.6	€ 540.0	15.4%	50.0%
Pavie	€ 214.5	€ 252.0	19.2%	40.0%
Mission Haut Brion	€ 184.8	€ 300.0	27.5%	106.9%
Total	€ 1,607.8	€ 2,045.4	17.8%	45.8%

Now that all ten of these wines have been released, this is how the predictions compared to reality. In **last year's** survey, 80.8% of merchants underestimated the overall cost of the basket. This year, 98.4% of respondents underestimated them..

On average, merchants predicted that the basket of wines would cost €1,607.8, representing a 17.8% increase on 2014 prices. In reality the basket costs €2,045.4: a 45.8% increase. The most accurate price prediction was for Pontet Canet, which saw its **first tranche** released at €75 per bottle ex-negociant on May 18th (the **second tranche** was released at €88 on June 14th). At 2% below merchants' predictions, it was also the only wine whose price they overestimated.



Sour Grapes – New Wine Documentary

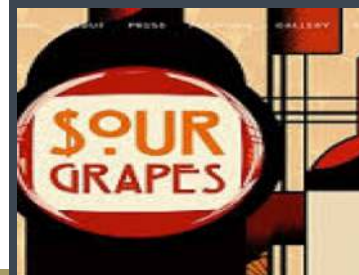
Rudy Kurniawan was, it was rumoured, a wine savant, had an expert memory for taste, a generous host, offering rare wines from his huge cellar, who in 2006 made 35 million dollars in two wine auctions from the sale of his wine. Then in 2008 a French wine producer, Laurent Ponsot, realised that wine from his family's domain was being sold from a year they hadn't produced it. That day, he says, he took the first plane to New York, and thus begun his crusade.

Set in the super-fast, super-rich world of LA and New York during the finance boom of the early 2000s, and featuring the obsessive collectors, outraged wine producers, suspect auction houses, and specialist FBI sleuths.

The movie was released at 2016 Hot Docs Festival. The Iron Gate Team attended advanced screening and we highly recommend the movie.

Filmmakers: Jerry Rothwell, Reuben Atlas.

2016



The Price of Wine

Last year in the journal of Financial Economics I came upon an interesting study about the impact of aging on wine prices and the long-term investment performance of fine wine. E. Dimson, P.L. Rousseau, and C. Spaenjers wrote the paper as part of research for Cambridge University.

Collecting fine wine is not just a hobby and passion but also a popular investment. About one-quarter of high net worth individuals around the world own a wine collection, which on average represents 2% of their wealth. In light of the long-standing yet rising status of high-end wines as an investment, a study of long-term price trends in this market and a comparison with more traditional assets was long overdue.

The authors concentrated on prices of five long-established Bordeaux wines: Haut-Brion, Lafite-Rothschild, Latour, Margaux, and Mouton-Rothschild—the Premiers Crus or First Growths. A simple model of wine prices delivered predictions of how prices can be expected to change differently over the life cycle for low-quality and high-quality vintages

High-quality vintages appreciate strongly while maturing for a few decades, but then prices stabilize. Eventually, as these wines begin to be regarded as collectibles instead of consumption goods, prices advance again. For low-quality vintages, prices are almost flat over the first few years of the life cycle, but then rise in a near-linear fashion. The observation that prices of wines beyond maturity continue to rise with age points to the existence of a nonfinancial payoff from the ownership of relatively rare bottles of a well-known château.

The expected financial return on wine is always below the appropriate discount rate because the nonfinancial ownership dividends received while storing a bottle endogenously lower the required capital gain. This is especially relevant for wines that are long beyond maturity, as their fundamental values are determined by their value as collectibles and not by their consumption value.

Now let's talk more about the results of the study, especially in terms of the long-term returns in the market for high-end wines. Authors estimated a real financial return to wine investment (net of storage costs) of 4.1%. Over our time frame, wine has been outperformed by equities, and transaction costs could further reduce the relative attractiveness of wine. However, the performance of wine has been better than that of bonds, art, and stamps. Moreover, there was evidence of positive correlation between wealth creation and wine prices. In line with the predictions, young maturing wines from high-quality vintages provided the highest financial returns. Past maturity, famous chateaus delivered growing non-pecuniary benefits to their owners.

Including the benefit of cash dividends, equities have been a better investment than wine over the past century, and accounting for differences in transaction costs likely would lower the relative performance of wine investments even further, especially over short horizons. Yet returns on wine have exceeded those on government bonds and Treasury bills, as well as art and investment-quality stamps. The strong price appreciation over the last half-century also coincides with dramatic growth in the number of high net worth households worldwide with access to the market for Bordeaux wines.

Napa Wine Auction

The wine world's gaudiest weekend, Auction Napa Valley, raked in \$14.3 million from Friday through Sunday.

That's a lot of money, and more than the \$11.1 million raised in January by the rival Naples Winter Wine Festival.

But Auction Napa Valley's take is down for the second year in a row, after \$15.8 million last year and a record \$18.7 million in 2014.

The three most-sought wines at the barrel auction included two big names: Melka Wines' average winner paid \$6210 a case (\$518 a bottle), while Shafer Vineyards fetched an average of \$6005 per case.



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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