



TAMPA BAY BANKRUPTCY CENTER, P.A.

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Bankruptcy Filing of Russian River Vineyards

Winery and vineyard operator Russian River Vineyards has filed for Chapter 11 bankruptcy protection at US bankruptcy court in Santa Rosa.

According to bankruptcy papers, the company has assets and liabilities between \$1 million and \$10 million.

The winery's present owners bought over the operations in 2008 and have struggled with reducing its debts ever since. Managing partner Chris O'Neill said, "When we took over a little over two years ago, it was basically out of business, and it was in foreclosure. We incurred a lot of debt in those first 18 months, and we just weren't able to get out from under that." O'Neill assured creditors they would receive every cent back of whatever is owed them. The owners are O'Neill and partners Barbara Sattler, Giovanni Balistreri, Anthony Austin and Debra Del Fiorentino.

The winery and its restaurant, Corks, will continue operations while the restructuring of debts and other bankruptcy procedures are carried out. It is expected that the bankruptcy will help Russian River Vineyards to pay off their debts in a more organized manner. In total the winery and restaurant employ 35 workers.

Due to its initial debts the present owners found it difficult to turn things around.

According to Mario Zeponi, a winery merger and acquisition specialist in Santa Rosa, "unless you have a lot of cash reserves to start over with a brand, it's really a difficult proposition to make it succeed." Zaponi went on to say, "They're going to still need

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assistance from either investors or a joint venture partner or a buyer, to go ahead and get into the clear. (But) I don't think it's symptomatic of what's going on in the industry as a whole."

The winery resembles a cross between an old hop kiln and the stockade built by Russian immigrants at Fort Ross. According to its website, Russian River Vineyard is the one of only five wineries in the country with its own attached restaurant. The reason is that these days, zoning rules generally disallow commercial businesses on agricultural land.

In 1987, the winery was certified organic and its most famous feature is the hundreds of bats that come out every night to feed on insects in the vineyard. The vineyard processes chardonnay, pinot noir and other wines and charge between \$14 and \$82 per bottle. Its production capacity is about 2,000 cases of wine each year.

The company's revenues increased from \$600,000 in 2009 to \$800,000 in 2010, and should increase to \$1.2 million this year. Russian River Vineyard is owned by Sonoma Vineyards Acquisition LLC.