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Companies Ratchet Up Efforts To Fight Wine Fraud

BY CHRISTOPHER FAHERTY - Special to the Sun

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An increase in wine fraud has a slew of companies racing to create anti-counterfeit technologies that would tattoo wine bottles with multi-colored triangles, patterns of unique bubbles, and high-tech graphical codes.

This new market for labeling technology is emerging as wine connoisseurs and businesses realize the only way to combat wine fraud is at the source.

A label producer for about 200 wineries throughout the country, John Henry Packaging, has teamed with Hewlett-Packard to develop a multi-colored coded label that will interact with a database of wine information, allowing consumers and distributors to track of the origins of their wine with a phone call, the company's marketing director, Daniel Welty, said. The new labels will hit the market in June or July.

The technology behind the new tags is a result of three years of research and development at Hewlett-Packard to design anticounterfeit labels for products such as pharmaceuticals and auto parts, according to manager of the research labs at Hewlett-Packard, Henry Sang.

Even as wine fraud has become a hot topic in New York since the Wall Street Journal reported that the FBI is investigating the city's auction houses to see if they have knowingly sold counterfeit wines, some experts in the industry are tepid to the idea of antifraud technology.

"What would prevent someone from uncorking and then refilling the bottle?" a winemaker at Benessere Vineyards in Napa Valley, Christopher Dearden, asked.

While most of the new labels track wine, few can guarantee that a bottle wasn't opened, filled with cheap wine, and then re-corked.

A company called Proof Tag, based in Paris, believes it has the answer: bubble tags. The technology uses a tamperproof seal that is placed on the capsule of wine bottles. A unique pattern of bubbles that the company says is like a fingerprint is etched on the tag, providing a guarantee of origin, and the seal leaves a metallic residue on the rim of the bottle when it is opened, making it tamperproof, according to Proof Tag's CEO, Franck Bourrières.

The author of several wine education books and founder of the Windows on the World Wine School, Kevin Zraly, said that even while some counterfeiting occurs in the high-end tier of the wine market, the dynamic of industry in the United States is self-regulating.

"It's a reputation business, so they're putting that reputation on the line every time they sell a bottle of wine," Mr. Zraly said about high-end retailers and auction houses.

An Internet auction house that deals mainly in fine wines, Winebid.com, ships all its consignments — many of which come from New York — to the company's headquarters in Napa Valley for a thorough inspection, the president of Winebid.com, Jerome Zech, said.

With a booming wine market fueled by Wall Street money, collectors who want to ensure the provenance of their investments are taking more precautions.

A high-end retailer and climatecontrolled storage provider, the Manhattan Wine Company, delivers services to clients, many of whom are Wall Streeters, that ease concerns about counterfeiting, the president of the company, Matthew Tornabene, said.

"We take digital photos of bottles that can be e-mailed to clients, as well as provide professional inspections," Mr. Tornabene said.

Even amateur collectors are taking more precautions. A management consultant in the city with a collection of about 1,000 bottles, Stephen Vann, said that because of raised awareness about fraud, he is less likely to buy from an unknown source than when he began collecting about two years ago.

"The relationships you develop are paramount," Mr. Vann said.

This could place high-end retailers in a position to take advantage of the market. Clients at many premium retailers, such as Sherry-Lehmann Wine and Spirits on the Upper East Side, are provided money-back guarantees on their purchases.

"We buy from direct sources, and importers of record," the executive vice-president of Sherry Lehmann, Christopher Adams, said. "Our wines are always guaranteed."

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