

Wine Spectator

Foley Buys Stake in Washington Winery Three Rivers

Owner of Firestone and Merus makes his first move into Washington and is eyeing Oregon next

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William Foley, who owns four California wineries—three in Santa Barbara and the recently purchased Merus in Napa Valley—is adding Washington winery Three Rivers, in Walla Walla, to his portfolio, and said he has his sights set on an Oregon winery as well. Foley, who heads the Foley Wine Group, is buying a 60 percent share in Three Rivers, and said he expects to increase that to more than 80 percent in the next two years through agreements with minority partners. Closing on the deal is scheduled for the end of this week; the purchase price was not disclosed.

Three Rivers is a medium-size winery, making about 15,000 cases a year in a showplace facility just west of Walla Walla in eastern Washington. It makes a wide range of wines, from rosé to Chardonnay to Syrah, but it has done best with Cabernet Sauvignon, especially single-vineyard bottlings from Champoux Vineyard, and with Cabernet Franc from Chelle den Millie Vineyard. Foley said it was the contracts with the owners of those vineyards—and the quality of the wines—that prompted his interest.

"It's an old story: A winery grows to 15,000 to 17,000 cases and find they're only selling 8,000 or 9,000," Foley said by telephone. "Their expertise is in winemaking. They need help to market and sell the inventory."

Foley said he plans to leave winemaker Holly Turner and general manager Duane Wollmuth in place at Three Rivers, as he did with the founders of Merus. When Foley acquires the additional shares in Three Rivers, he and Wollmuth will be the sole owners. Foley expects that the national sales staff of Firestone, his largest winery (which he purchased last year), can help Three Rivers improve its sales. "The idea is to centralize accounting, sales support, marketing and distribution," he explained, "and keep vineyards and wineries individual."

Until recently, Foley was chairman and CEO of Fidelity National Financial and Fidelity National Information Services, both listed on the New York Stock Exchange. He remains chairman of both companies but has been selling his holdings, which has given him the cash for winery and vineyard acquisitions.

In the past year alone, Foley, 61, bought Firestone, one of Santa Barbara's pioneer wineries; Ashley's Vineyard—and its 620 acres of vines—from the Fess Parker winery in Santa Barbara, from which Foley will make a new wine called Two Sisters; and Merus, a cult Cabernet producer in Napa Valley. That's rapid expansion for Foley, who started in the wine business only in 1996 when he founded Lincourt on an old dairy farm outside Santa Barbara. In 1997 he bought the old J. Carey winery in the Santa Rita Hills area of Santa Barbara and renamed it Foley Estates.

"We are trying to get into key wine areas with our company, wineries that make high-end wines," Foley said. "The Pacific Northwest is part of that."

Hence Walla Walla. Foley said he loves the Cabernet there, and expects to branch out by buying 20 acres for his own wine, separate from Three Rivers.

Next is Oregon. "I am especially interested in the Pinot Grigio," he said. "We are close to a deal on an Oregon winery."