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Gundlach Bundschu Files for Chapter 11 With More Than $37 Million in Debt

The 1858 Sonoma winery said its tasting room will stay open during restructuring, which could cost the family its majority stake.

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Gundlach Bundschu, one of California’s oldest wineries, filed for Chapter 11 bankruptcy on Wednesday as it seeks to restructure more than $37 million in debt and bring in a possible new investor, according to court filings and a company release.

The Sonoma winery, founded in 1858, said it will continue operating during the court-supervised process, and its tasting room will remain open. The filing marks a major turn for a family business that has operated for six generations and has long been one of the best-known and most accessible destinations in Wine Country.

In a court declaration, chief executive Jeff Bundschu said the filing was without precedent for the family and the company. He said the business had endured more than 160 years of upheaval and change, but that its financial distress had placed a burden on employees, vendors, lenders, customers and the broader community.

The winery, located at the base of Arrowhead Mountain in Sonoma, is widely known by the shorthand “GunBun.” It is one of the few California wineries that traces its history across six generations of the same family. But the bankruptcy filing indicates that the Bundschu family is being forced to give up majority ownership as the company looks for a path forward.

The company said it is seeking to restructure its finances with the help of a possible investor, described in a release as a family- and community-oriented owner-operator of an experiential consumer brand. The filing did not identify that investor.

The bankruptcy comes three months after Abbot’s Passage, a Gundlach Bundschu offshoot founded in 2016, announced it was closing its winery and tasting room. At the time, founder Katie Bundschu told the San Francisco Chronicle that the brand had been part of the family’s growth strategy but could not survive declining Wine Country tourism and wider industry pressures. She said then that the closure would allow the company to return its focus to Gundlach Bundschu.

Court records say the immediate cause of the current financial distress was debt tied to the company’s February 2020 purchase of Abbot’s Passage’s 60-acre winery estate in Glen Ellen. The acquisition closed just before COVID-19 restrictions disrupted tasting room and hospitality operations. According to the filing, the growth needed to support that investment did not happen, and the wine industry’s later contraction made the problems worse.

That account places Gundlach Bundschu's bankruptcy within a broader downturn that has weighed on many wine businesses in Northern California. For the beverage sector, the filing is another sign that wineries are under pressure not only from slower sales, but also from weaker tourism, higher financing costs and a more fragile support network of workers, growers, vendors and hospitality partners. Those pressures can ripple beyond one producer, especially in regions where tasting rooms and wine tourism help sustain local employment and small service businesses.

Over the past 18 months, the company said it cut operating costs sharply, including through multiple rounds of layoffs. Its workforce fell from 102 employees to 63, according to court documents. The filings also say the family sold substantial non-company real estate assets and put those proceeds into business operations as it tried to keep the winery afloat.

The company also tried to negotiate with lenders. According to the release, those lenders were willing to extend millions of dollars more in financing, but at what the company described as an onerous cost of capital. The family then looked for an investor or buyer and received three offers that management and advisers viewed as actionable under market conditions at the time. Court records say those offers were rejected by the company's lenders because they fell well below the amount of secured debt.

The filing says Gundlach Bundschu has four loans with two main secured lenders. Its largest loan, about $20 million, is with Tiverton, a farmer-led asset management firm that bought the winery's existing loan from Bank of the West in 2023. The revised loan carried an interest rate of 14.75%, according to the filing. The winery also owes $17 million to American Ag Credit, a borrower-owned cooperative that finances agricultural businesses. In addition, the company listed about $1.7 million in unsecured debt owed to roughly 120 vendors and service providers.

After the three offers were rejected, the filing says American Ag Credit declared a default. Tiverton then filed a complaint in Sonoma County Superior Court seeking the appointment of a receiver, an independent party who can take control of business operations under court authority. The court granted that request, and Gundlach Bundschu said it had little choice but to seek Chapter 11 protection.

In his declaration, Jeff Bundschu said the decision followed years of operational restructuring, cost reductions, asset rationalization, family capital contributions, lender negotiations and efforts to secure new investment or sell assets in a way that would preserve the business and protect stakeholders. He said those efforts did not produce an out-of-court solution.

The financial crisis stands in contrast with the winery's long history of surviving earlier disasters. When phylloxera, the insect that attacks grapevines, reached California in the 1870s, Gundlach Bundschu was the first Sonoma winery to switch to native, disease-resistant rootstock, according to the Chronicle. After the 1906 earthquake and fire, the company lost its San Francisco winery, three family homes and one million gallons of wine. The family then moved operations to its Sonoma Valley estate, Rhinefarm.

During Prohibition, the winery closed and liquidated its assets, though the family kept 130 acres of land and its home. After Prohibition ended, the family sold grapes to Inglenook and later to Louis M. Martini before relaunching the winery in the early 1970s. Over time, the family repurchased some of the land it had lost.

More recently, the winery narrowly escaped the 2017 wildfires that destroyed the 100-year-old Bundschu family home. That house was later rebuilt, but court documents say it was also put up as collateral for the winery's debt.

As of the bankruptcy filing, court records show the winery owns about 100 acres, produces roughly 42,000 cases of wine a year and hosts around 30,000 visitors annually. At its peak, it welcomed more than 75,000 visitors a year. The winery produces a broad range of regenerative-farmed wines, including Chardonnay, Pinot Noir and Cabernet Sauvignon, along with less common varieties such as Gewurztraminer.

Gundlach Bundschu has long stood out in a region where many wineries focus on appointment-only, high-end hospitality. It has allowed walk-ins, positioned itself as family-friendly and relatively affordable, hosted weddings and served as a venue for live music events, including the Huichica festival in past years. The winery is still scheduled to host a music festival called Soundcheck on Oct. 4.

That mix of wine production, tourism and events helps explain why the bankruptcy is being closely watched in Sonoma and across the drinks business. The company’s troubles reflect the strain on a model that depends not just on bottle sales, but also on tasting room traffic, event revenue and destination travel. When those pieces weaken at the same time, the effects can reach farm lenders, distributors, hospitality workers and the many local suppliers that support wine country operations.

In the company release, Jeff Bundschu said the family is fighting for the chance to keep the business and its land in operation for a seventh generation and for the Sonoma Valley community that grew alongside it.