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Two prominent California wineries seek Chapter 11 protection

The Napa and Sonoma filings add to statewide asset sales during the industry's biggest reset in 30 years.

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Signs of financial stress are deepening in California’s wine business, as two well-known wineries have sought Chapter 11 protection and another major producer has moved to sell core assets during what analysts describe as the industry’s sharpest reset in

decades.

Shanken News Daily reported Friday that Wine Spectator has identified a worsening correction in California wine, where weak conditions have been building for several years amid broader strains in the global wine market. In recent weeks, Signorello Estate in Napa Valley and Gundlach Bundschu in Sonoma filed for Chapter 11 bankruptcy protection, according to the report. In a separate move, McManis Family, a value-focused producer in California's Central Valley, put its main winery and 3,500 acres of land up for sale in late September.

The developments point to a level of disruption that is no longer unusual for the industry. Shanken News Daily, summarizing Wine Spectator's reporting, said there are other similar cases beyond those three companies, suggesting the pressure is spread across different parts of the California market rather than confined to a single region or price segment.

California is the dominant force in U.S. wine production, and the current downturn appears to be affecting both premium and value-oriented businesses. Signorello Estate is based in Napa Valley, one of the state's best-known luxury wine regions. Gundlach Bundschu is a long-established winery in Sonoma. McManis Family operates in the Central Valley, a major source of higher-volume and lower-priced wine. The fact that distress is visible in all three areas suggests the correction is broad and tied to larger market forces.

Those forces were described in the report as complicated and multifaceted. While the Shanken News Daily item did not list each cause in detail, it placed California's problems within the context of ongoing challenges in the global wine market. That framing indicates that the state's difficulties are not only local or operational, but connected to wider shifts in demand, pricing, inventories, financing conditions, and trade competition that have been pressuring producers in several wine regions.

Rob McMillan, an industry analyst at First Citizens Bank, told Wine Spectator that the wine business is going through its biggest reset in 30 years. He described the moment as "the beginning of an end, the beginning of the [industry] bottoming out is really what we're talking about." His comments suggest that industry participants may be

moving from a prolonged correction into a more acute phase, where balance sheets, land values, and business models are being tested more directly.

Chapter 11 filings do not necessarily mean a company will shut down. In the United States, the process is often used to keep operating while debts are restructured and assets are preserved. Even so, when prominent wineries turn to bankruptcy protection, it usually signals that normal refinancing or operating adjustments were not enough to manage the pressure. Asset sales can send a similar message, especially when they involve a main winery and large acreage, as in the McManis case.

For the broader beverage sector, the developments in California matter beyond the wineries involved. Financial distress and asset sales in one of the world’s most important wine-producing regions can signal possible changes in supply, access to capital, and competitive dynamics. If more producers are forced to restructure, sell land, or reduce output, that could affect distributors, importers, retailers, and competing wine regions in the United States and abroad. It could also influence how lenders and investors view beverage companies that depend heavily on agricultural assets, long inventory cycles, and changing consumer demand.

The latest cases come at a time when the market is already trying to absorb years of uneven demand and shifting consumption patterns. Against that backdrop, bankruptcy filings in Napa and Sonoma and a major sale process in the Central Valley add fresh evidence that California’s wine correction is still unfolding rather than easing.