

## Budd and the DTI strike the dodgy wine 'investment' merchants

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Should you receive an invitation to invest in wine, especially if it comes from an outfit which is not known to you personally as a bona fide wine merchant and is addressed to you as an established investor in some more conventional asset, be very, very careful.

Millions of pounds have been pocketed by dozens of often interlinked companies by the simple expedient of offering fine wines (typically first- growth red bordeaux) at two to three times their market value to names on shareholders' registers in the hope that they will fail to do the most basic research before parting with large sums of money.

One of my wine writer colleagues, [Jim Budd](#), has been pursuing these miscreants assiduously and over the last year has already had the satisfaction of seeing the DTI wind up three companies in the public interest.

As recently as Wednesday, 16 January, the DTI successfully had three companies wound up in the High Court - Boington & Fredericks of London Limited, City Vintners Limited and Goldman Williams Limited - alleged mis- selling of fine wines, and there are more in the pipeline.

By choosing a few key examples from the last two decades, it has been all too easy to suggest that fine wine can offer an extremely attractive rate of return. But at the moment there are in fact very few obvious candidates for attractive, risk- free fine wine investment even at the market price - let alone at the sort of prices quoted by some of these 'investment' companies.

Jim Budd's campaigns are described in considerable detail on his site [www.investdrinks.org](http://www.investdrinks.org) which gives concrete advice on how to avoid being ensnared and offers detailed practical advice for those unfortunate enough to have already succumbed.

Before parting with any money at all, check prices with other sources on the free, impartial wine price comparison site [www.wine-searcher.com](http://www.wine-searcher.com). (This is good advice whatever you are planning to buy for your cellar, from whichever source of supply.)

Budd has also done his best to cut off the source of supply for these operators by persuading most of the fine wine traders and brokers that cluster round London not to sell to certain known operators. Unfortunately three of the most important, Bordeaux Index, Farr Vintners and Wilkinson Vintners (all in London), have refused to cooperate. They argue that it is not their business what their customers do with the wine they buy from them.

Nevertheless, the DTI clearly has the bit between its teeth. On 20 December it issued a statement warning that it is 'on the trail of investment scams, featuring alleged mis-selling of fine wines and art'.

Frederick Achom of Boington & Fredericks said that he was unhappy that the DTI had not given him a chance to state his case. 'We buy and sell wine with the intention of making money ourselves of course but also with the intention of making money for our clients down the line. We explain to all our clients that it will take at least five years for them to make any money.' Boington & Fredericks was set up last year.

A statement from lawyers representing City Vintners and Goldman Williams, who also deplore the DTI's actions, denied the assertions of the DTI. 'The directors deny the assertions of the DTI. We believe that the action of the DTI in appointing a provisional liquidator without any notice to the companies was, in the circumstances, without precedent. The effect of the appointment was to shut down the businesses forever, notwithstanding that the petition has still to be heard and there has been no hearing on the merits of the case. This raises serious issues in relation to the DTI's practice and human rights.'

Frederick Achom, director of Boington & Fredericks told me recently

'We ran our company completely above board. All our clients were supplied with the wine they ordered. Has anyone told you any different? A few clients sold what they'd bought and we bought it back from them at exactly the prices we said we would.'

In their dossier the DTI did not have one single complaint from a client which goes to show that what's claimed by the DTI doesn't really carry weight, regardless of what anyone says.

The DTI claimed the petition should be upheld because of the Consumer Protection Act 2000 or something. They said we were insolvent because if all our clients sold their wine it would be worth £450,000 but our liquidity was only £400,000, but all trading companies are like that. Another excuse was that we didn't tell our clients about our markups, but what company does that?

'We weren't given a chance to explain ourselves. I'm sure this goes against human rights. We don't state our wines are the cheapest. We have more overheads. We're constantly marketing for new clients. Other wine merchants don't do that.'

No, most of them don't trawl through shareholders' registers for new clients, it's true.

See also my earlier story [Beware Dodgy Hawkers of Fine Wine](#).