

THE WINE MERCHANT KNOWS TEMPRANILLOS AND TAX LAWS

By Eileen Mattei

Emilio Santos' career as a CPA specializing in alcohol and tobacco tax issues was the perfect prelude for his current profession: owner of Exceptional Wines, an importer of fine European wines. Placing a bottle of Chateau Mouton Rothschild on his desk, Santos explained that alcohol –wines and liquors– have long been the object of substantial 'sin' taxes. State and federal governments love to impose taxes on adult beverages, because they are considered a luxury and therefore fair game.

"Fortunately for me I have years of experience dealing with the rules and regulations of alcohol sales," said Santos, who also taught tax law at the university level. His competition typically must hire tax attorneys to get them through the maze of red tape that surrounds every bottle of wine. Complexity extends from the alcohol content and the container size to the picture and wording on the label. Because of Santos' close study of alcohol laws and the permitting

procedures, for several years, his company was the US distributor authorized to import certain notable wines.

Twenty years ago Santos began working part-time as a wine broker, building on his personal interest in fine wines. In 2002, he decided to formally develop Exceptional Wines LLC as a wine importer and distributor. He chose to handle only high quality wines from small vineyards in Spain, France, Italy and Chile. The company established bonded, temperature-controlled wine warehouses, got into the interstate carrier business to transport the wines in refrigerated trucks and won security clearance to transport wines internationally—into Mexico. Only two other much larger companies in Texas are also importers, distributors and international carriers.

Santos' daughter Susana, a UTPA International



Emilio Santos and his daughter Susana have turned a passion for wines into an international business. (VBR)

Business graduate, soon joined the business. While he primarily selects and buys the wines and she manages the international side of the operations, each knows the spectrum of responsibilities and multi-tasks. Father and daughter travel to Europe annually and meet the small winery owners who comprise their suppliers. "We deal directly with the producers.





We get better prices and can select natural wines made without preservatives or filtration,” Santos said. “These are growers willing to sacrifice volume for quality. Wine is an art, not an industry. Quality and quantity don’t go together.” This fall the Santos travel to a Miami meeting that many small European growers attend to present their wines.

Personal opinion and first palate tasting of wines determine what Exceptional Wines will carry. Santos said that he does not pay attention to individual wine reviewers. He disclosed that many of those reviewers require substantial payments before they will review a wine, a process that eliminates many small but excellent growers and producers. Exceptional Wines instead seeks out winners of international wine competitions, those wines that have won gold silver and bronze medals based on the decisions of multiple judges.

So, what is house wine for the Santos family? “For me the best wine is the one you like, that goes well with what you are eating,” he said. Still with so many exceptional wines to choose from, Santos ex-



Exceptional Wines' warehouses are temperature- and humidity controlled. (VBR)

pressed a fondness for Protos Crianza 2006, a Spanish tempranillo that was the 2009 winner in Brussels.

Master sommelier Drew Hendricks, one of three in Texas, respects the opinions and the selections of Exceptional Wines, emailing Santos about wines he has available. “Our clientele is very sophisticated. We try to select our wines carefully. We are in the best restaurants in Texas,” Santos pointed out. The company has exclusive distribution territories for most of its wines. McAllen restaurants serving Exceptional Wines include El Divino, Fiorella and Alhambra.

By law, a wholesale distributor like Exceptional Wines can't sell retail, own a building that houses a restaurant or bar or have a financial interest in production. While many distributors put their wines first in retail stores and then sell them to restaurants as well, Exceptional Wines first markets to upscale restaurants. They have seen the trickledown effect as people go to liquor stores like Feldman's and Holiday Wine & Liquor seeking the wines they tasted under the tutelage of a restaurant sommelier.

Since Exceptional Wines cannot advertise, it hosts tastings, through a contract agency, for non-profits' fund-raisers. This introduces featured wines to new audiences and benefits a community organization simultaneously. A brochure for a tasting held earlier this year featured wines from Bordeaux, the Rhone Valley, Catalonia and Chile. The company's online catalog is 29 pages long.

Exceptional Wines now imports tequila from Jalisco and is exporting European wines to Mexico. It sources wines for collectors of old vintages and investors in new vineyards. By late 2012, the company expects to be exporting quality American wines and Mexican tequila to Europe. It has already established a London office.

"Exceptional Wines is a long term investment," said Santo, 59. "My daughter will continue with the business when I retire."

www.exceptionalwinesusa.com

Valley Business Report is a pro-business publication providing in-depth perspectives on business trends and creating a forum in which business leaders can exchange ideas and information affecting the local community's economy. (From Mission to South Padre Island , Texas.)

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