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# Brown-Forman son leaves fold, creates luxury liquor startup Altamar Brands

He finds a niche with luxury brands

BY ALEX DAVIS • ALEXDAVIS@COURIER-JOURNAL.COM • JUNE 1, 2008

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W.L. Lyons Brown III figured he would spend his entire career at Brown-Forman Corp., the company started by his great-great-grandfather.

At one point, it even appeared that Brown was being groomed to become chief executive officer of the Louisville-based liquor company. He rose through the ranks to senior vice president of the beverage division.



By Kylene Lloyd, The Courier-Journal

W.L. Lyons Brown III, a former Brown-Forman Corp. executive, introduced drinks from his California-based Altamar Brands at the Hotel nightclub at Fourth Street Live last month. Altamar features Right Gin and Kubler Absinthe.

Brown is in charge of a spirits business now, but it isn't Brown-Forman. Instead, he's running Altamar Brands, a startup company that recently launched two products in Kentucky — Kubler Absinthe and Right Gin.

It's an unusual position for the fifthgeneration descendant of George Garvin Brown, who founded Brown-Forman in 1870. Out of about 150 family members today, nine are on the Brown-Forman payroll. W.L. LYONS BROWN III

Age: 47.

Family: Wife, Susanna; three children ages 11, 16 and 18.

Home: Laguna Beach, Calif.

 $\mbox{\bf Brown tie:}\ \mbox{Son of William Lee Lyons Brown Jr., former chief executive of Brown-Forman.}$ 

Work: Founder of Altamar Brands; former senior vice president at Brown-Forman.



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"We wish Lyons luck in his new endeavor, but not too much," company spokesman Phil Lynch joked.

Altamar doesn't pose much of a threat to the family business -- at least not yet. Its annual sales are just shy of \$5 million, compared with about \$3 billion at Brown-Forman.

#### the family connection

But there are several intriguing connections between the two firms. California-based Altamar has lured several Brown-Forman employees to its 15-member staff, including Patricia Vasconcelos, a former <u>marketing director</u> at Jack Daniel's.

Brown also has not sold his stock in the family company, and he doesn't side-step questions about his resignation in late 2002.

"Working at Brown-Forman is kind of like driving 55 on the autobahn," he said.

At the time he left, Brown was overseeing 200 to 300 workers and arguably in a position one day to succeed his uncle, Owsley Brown II, as CEO.

But Brown wanted to be more aggressive with acquisitions and sales than the rest of the company's leadership, differences he said eventually prompted him to leave.

#### new vision, venture

Altamar, founded in August 2005, is giving Brown all the risk he wants and then some.

The company made \$10 million last fall when it sold the <u>marketing</u> rights to Corralejo tequila, but the money was plowed back into the gin and absinthe brands, and Brown said he doesn't expect the company to turn a profit for another two years.

Still, the freedom to chart his own course, building a luxury spirits company from scratch, has been worth it

"It may have been the best thing that ever happened to me," he said of his departure from Brown-Forman, "Things happen for a reason,"

Altamar's most notable brand, Kubler Absinthe, has a feisty story of its own.

Absinthe liquor had been banned in the United States for nearly a century before the federal government agreed last year to allow the licorice-flavored spirit back onto store shelves.

#### rumored properties

Before the 1912 ban, absinthe had become popular in France and other parts of Europe, partly because of its rumored hallucinogenic properties.

But there's a catch with the new rules: Wormwood, a key ingredient in absinthe, could not contain a substance called thujone that allegedly was the source of the drink's mind-bending side effects.

The version imported by Brown's company is made in Switzerland. It comes in 1-liter bottles that sell for \$50 and pack a 106-proof alcohol punch.

## a different buzz

Kubler isn't marketed as a hallucinogen, but Brown said that some customers have reported that absinthe offers a different kind of buzz compared to other types of alcohol.

"The category has forever had a reputation for giving you a heightened sense of clarity," he said.

Restaurants including Jack Fry's and Proof on Main are selling Kubler in Louisville, as well as a range of liquor stores.

Jerry Rogers, owner of Party Mart, said Kubler will appeal to younger drinkers looking for something new and hip.

He carries Kubler at all three of his area stores, and said that the half-dozen bottles he has sold so far is not a bad start, considering their price.

"At 50 or 60 bucks a bottle, you're going to have to like it a lot," he said.

Kubler has competition from at least three other absinthe brands approved by the government in the last year or so.

#### Quotable

On his travel schedule for work: "I feel like I'm going on tour with the Grateful Dead."

On the growth prospects for absinthe: "It's like holding onto the tail of Hallev's comet."

On the history of absinthe as a rumored hallucinogen: "It's like a marketing platform being handed to you like a golden ticket out of the clouds."

#### SERVING ABSINTHE

Drinking a glass of absinthe is a process. A primer from the folks at Kubler:

Pour 1 to 11/2 ounces of absinthe into a glass

Put a slotted spoon on the rim of the glass, and place a sugar cube in the middle. (A fork works in a pinch.)

Pour a small amount of water on the sugar, allowing it to dissolve. After a minute or two, continue pouring until the sugar is gone and the absinthe blends into a cloudy white color. (This effect is called the "buche.")

Stir any remaining undissolved sugar.

Now it's ready to drink.



Patrons chatted at Hotel during the Kentucky launch of Altamar Brands' products, which featured absinthe dispensers at each table. Absinthe, newly available in the United States, has an intriguing cachet.



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One of them, Lucid, is made by Viridian Spirits and costs \$60 for a 750-milliliter bottle. Jared Gurfein, president of Viridian, said in an <u>e-mail</u> that Lucid is made using a French method, which results in a green liquid, as opposed to Swiss-made Kubler, which is clear.

#### different looks

They're also packaged differently, and he said there hasn't been much evidence of the two brands eating into each other's sales so far.

"We have found Lucid is being consumed by a very diverse range of consumers ranging from welltraveled affluent individuals to more artistic-oriented younger adults with an interest in the cultural and artistic history behind absinthe," Gurfein said.

Brown has imported about 6,000 cases of Kubler into the United States so far, and hopes to pass the 10,000-case mark this calendar year. Each case comes with six 1-liter bottles.

While the new federal rules ban thujone from absinthe, to be "thujone free" means it must contain less than 10 parts per million. According to Brown, Kubler contains approximately 9 parts per million of thujone -- the chemical derivative of distilled wormwood.

Just as Brown has a family history steeped in spirits making, so does Yves Kubler, a fourth-generation distiller behind the absinthe.

# belle époque veteran

According to Brown, the Kubler absinthe is the only one currently available in the United States that was on the market during the Belle Époque, France's "Beautiful Era" from the late 19th century until the start of World War I in 1914.

Later this year, he said Altamar plans to launch a high-end tequila, at a price of \$60 to \$80 a bottle.

And while Brown no longer works for his family's business, he said there are no hard feelings

between him and the management at Brown-Forman.

Some family members have even invested in Altamar, and Brown said he keeps in touch with employees at Brown-Forman on a regular basis.

As for his return to Louisville, Brown said it didn't feel awkward at all: "I have a lot of friends in Kentucky, and a lot of family. The Browns don't sneak back into Kentucky at all."

Reporter Alex Davis can be reached at (502) 582-4644.