



STEVE MARCUS / LAS VEGAS SUN

George Racz, founder of the Las Vegas Distillery in Henderson, hopes to change state law to allow him to sell liquor directly to customers.

LAS VEGAS DISTILLERY IN PROFILE

Name: George Racz

Age: 43

Hometown: Rosiori, Romania

Occupation: Businessman set to open a liquor distillery in Henderson

Hobbies: Sailing, brewing, film, and playing with his 4-year-old son, "little George"

Wife: Katalin, whom he met in an online chatroom while he was living in Budapest. He moved to the United States to be with her and finish college. They have been married for eight years.

Favorite liquors: Dry Fly Vodka; Hendrick's Gin; Springbank Whiskey; Maker's Mark Kentucky Straight Bourbon; and "palinka," a fruity brandy that his grandfather brewed in Transylvania.

What makes his business unique: In addition to being a freshly minted craft liquor-maker, its sense of authenticity and history (one pot still is named Rose, after his grandmother). He purchased an old homemade pot still used to illegally brew liquor in Las Vegas 50 years ago — he calls it "Lil' Naughty." The working ones, Rose and Swan, he calls "the Las Vegas Copper Angels" — an homage to his grandfather, who referred to his still as a "copper angel."

BUSINESS

OPEN FOR BUSINESS IN A DRY SPELL

By DYLAN SCOTT
Las Vegas Sun

George Racz is in high spirits one recent afternoon as he stands inside a Henderson warehouse, surrounded by the fermenting tanks and brown barrels that soon will be distilling the fruits of his labors.

The Romanian-born family man is in the liquor business. Or, at least, he's taking a shot at it.

After nearly two years of trudging through the regulatory maze of licensing a business run by rules from the Prohibition era, Racz's venture, the Las Vegas Distillery, is finally about to open. If all goes well, the craft distillery will brew up vodka, gin, whiskey, bourbon, rum and brandy starting in February.

"Nobody else was so crazy," Racz, 43, laughed. "We are not rich guys ... but we didn't give up."

Racz remained persistent while he and his small family of three invested everything to open a business that Nevada and the valley had



To watch a video story about George Racz's big plans for his small business, go to lasvegassun.com/distillery. You'll also find a video on how to brew your own liquor.

NEWS 3
ON TV

The video profile of George Racz will also air on KSNV Channel 3's newscasts at 6 a.m. and 4 p.m.

never seen.

Armed with a loan from Nevada State Bank, he's spent \$600,000 on materials — the copper pot stills imported from Germany, fermenters, the cooker, dozens of barrels, ingredients and money to lease the space.

The risks are huge. He's not just starting a business in a terrible recession; he's gambling that he can change state law to do business the way he feels he must to survive and flourish.

He and his wife, Katalin, moved to Southern Nevada from New York City in 2009 with big plans for their little business, a notion Racz conceived almost on a whim after watching a CNN story about a successful small distillery in Texas.

After doing some research, they set their sights on Las Vegas.

Making liquor in a desert without easy access to its key ingredients, grains and wheat, hardly seems ideal for an immigrant family

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PHOTOS BY STEVE MARCUS / LAS VEGAS SUN

George Racz refers to his stills as his "copper angels."

DISTILLERY, FROM PAGE 1:

THEY HOPE TO OPEN FOR TASTINGS, TOURS

to chase the American Dream. But Racz believes his business will fill a niche in Nevada's liquor market and create a sense of community in a valley that often feels it lacks one.

"Our philosophy was the people. They are the best thing," he said. "We wanted to make a place where people would come."

The couple, who worked together at an arts studio before moving here, settled on Southern Nevada because of the market, Racz said. He cited the local population of almost 2 million and the 30 million-plus tourists who come every year.

"This is where people come to have fun and drink a lot," he said, chuckling.

With four employees, it's a small operation. The Las Vegas Distillery will fashion "grain to bottle" spirits, Racz said. Most of his wheat and barley are coming from a farm in Winnemucca.

Eventually, the Raczes want to open the distillery for tastings and tours. They also hope to sell bottles of their spirits.

Because authorities at the federal, state and local levels have qualms about moonshine or illegal stills, distilleries are tightly regulated.

The Raczes received a federal permit without a problem. But in Nevada, distilleries are required to sell only to wholesalers. That restriction, originally intended to prevent big companies from monopolizing the market, means Racz can't sell bottles of liquor himself.

Not yet, anyway. Changes to state regulations are an issue he plans to take up with Nevada legislators in the coming session. He's been working with lawmakers and attorneys from some of the state's major distributors, such as Wirtz Beverage, to draft a bill. It would require the distilleries to purchase at least half of their ingredients from in-state businesses, he said.

It would also allow the businesses to hold tastings and sell bottles at their own stores.

Racz's experience in distilling comes from watching his grandfather brew "palinka," a type of fruit brandy in his native Transylvania — and a short course in the business of brewing from the Dry Fly Distilling School in Spokane, Wash.

As Racz shopped for a location in unincorporated Clark County, Las Vegas, North Las Vegas and Henderson, he quickly learned he was sailing in uncharted territory as the local municipalities had no codes for liquor distilleries.

Finally he found the warehouse in an industrial park near Warm Springs Road and U.S. 95 in Henderson, and starting talking with city officials.

"There are breweries and even some wineries, but there had never been a distillery like this," Henderson spokesman Bud Cranor said. "This is new to the valley."



Most of the wheat being used at the Las Vegas Distillery comes from a farm in Winnemucca.

This month, the Las Vegas City Council approved a new licensing category for distilleries after Jonathan Hensleigh and Aaron Chepenik, who co-own the Griffin, a downtown bar, filed plans to open a business that would brew vodka and scotch.

Henderson will probably follow suit, Cranor said. He expects the City Council to weigh an ordinance that would introduce a new licensing category for distilleries within the next few months. Now, the Las Vegas Distillery is licensed as a "wholesale importer," Cranor said, and must follow all federal and state regulations on distilleries.

The small distillery concept has been catching on across the country. Much like local breweries or small wineries, boutique liquor-makers are finding a niche. According to the Distilled Spirits Council of the United States, there are more than 200 distilleries nationwide. In 2001, there were 24.

For Racz, it's more than a craft. It's a calling. And he has a plethora of ideas to make the Las Vegas Distillery stand out from its name-brand competition: a special bourbon for Nevada's 150th anniversary in 2014, a seven-grain whiskey that has "never been tried," and an American Desert Collection that nods to the distillery's home.

"The human factor adds to the experience and makes it very personal," Racz said. "Nothing's changed in 2,000 years. Distilling is a little bit of an art, a little bit of a science."

As he surveyed his stills, which he affectionately calls his "copper angels," Racz smiled.

The Las Vegas Distillery, he said, is "ready to fly" on their wings.

"It's been a big change for a small family like us," Racz said. "It was a long journey."