

COMMENTS ON THE ART MARKET

VOLUME 129

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All Our Best

We just want to wish all of you a very happy holiday weekend; and for those who are still trying to recover from the wrath of Mother Nature our thoughts are with you.

The Stock Market

WOW ... by the 11th (the day I started writing this article) I had to call my doctor for a refill --- I ran out of my motion sickness pills! What is going on? Are we back to those wild days of just a few years ago, when the market's wild ups and downs made Kingda Ka (one of the largest, steepest and fastest roller coasters) look as scary as Disney's It's a Small World. I really hope not! The only people making money in this market are those who make the big trades ... us small people are just the pee-ons (hope you got that).

This month showed, once again, that Wall Street is no longer a place for rational people to invest their money for the future and a comfortable retirement ... it is just one GIANT CASINO and if you want to really make money, you have to roll big and bet big --- then hopefully you can get out before a correction comes; and they do come real fast and without much warning. I know that the Monday morning quarterbacks will all be telling us that the writing was on the wall ... but where is that wall? I keep looking and cannot find it!

I do not know about you, but my portfolio (if I can call it that) is hemorrhaging and I have covered it with all sorts of bandages in an attempt to stop all the "green" from spilling out. Now I do have to say that on the morning of the 10th I did put my feet back in the water and bought more PDC (I initially bought it at \$15 and added more that day at \$11.66). By the end of that day the market was up over 400 points and PDC was over \$12.30 ... that was a good move! At least I thought so until the 11th, when the market dropped over 500 points ... but PDC closed at \$11.74 (so I was still looking good). However, by the 19th the market was heading even lower and PDC closed at \$11.19 – more red! But by the 30th the market was improving and PDC was closing in on \$13!

I know they say that you cannot time the market and nobody buys at the lowest point and sells at the highest. However, we all know that is a bunch of bull ... some people do – just not me! Oh, I also bought more Citi (at \$30.41 – still dollar averaging) and some JPM (at \$36).

As for my other stocks, does it really matter? I can tell you that almost all of them are in the red and overall my portfolios are bleeding heavily. On the bright side, I remember that a few short years ago I was living the same nightmare ... but it did end and there was a time of peace and tranquility --- those times will return; I hope! In addition, my retirement stock SNRS (20 million shares) is still at .0001 --- one of the only stocks I own that is not bleeding heavily ... but then again, where can it go from .0001? Ok ... it could go out completely.

Towards the end of the month I saw a headline on the Internet that really summed up the Media's take on the market ... *Buffett endorses BofA with risky \$5 billion bet*. Even they think it is a place to gamble. In

addition it made me laugh to think that Mr. Buffett was a betting man. I see him more as an extremely wise investor and business man ... and a more appropriate headline might have been: Mr. Buffett endorses BofA with a \$5 billion investment.

Just remember ... that most of us are riding the same roller-coaster and at some point the terror comes to an end. The big questions are: how long will the ride last and can you stomach it? Well, with the right medication, hopefully most of us can. ☺

Trusting the Seller

I was asked to comment on this topic almost two years ago and have been thinking about it ever since. Bob, the individual who posed the topic, is a very good friend and client of ours. After seeing us at a show he sent an email asking the following: How do people who go to shows know who to trust? How can someone really believe that what a dealer is telling them is, in fact, the truth? Does someone actually walk into a show and just buy what they see? How does someone do their due diligence?

Before I get to the questions, let's quickly cover "a show". Large Art and/or Antique shows are, at this point, one of the main games in town and they have their pluses and minuses. Their most positive aspects are: they create a central location where dealers can meet thousands of people in the span of just 3 or 4 days and visitors can see and compare the offerings of a number of dealers in one location. Their main negatives are: only a selection of a dealer's inventory will be displayed, they last for only a few days and, most importantly, some shows can give credibility to dealers who do not deserve it.

So, you decide to visit a show ... now what?

First, it is important to understand that shows come in all shapes and sizes. Some cater to the top level dealers and normally the works shown will be more expensive; however, there is usually a good reason for that. Typically (but not always) these works are the cream of the crop ... those done during the prime period of an artist, in great condition and of superb quality. Others shows cater to a wider range of dealers and the items on display can range from the very expensive to the easily affordable. Finally, there are low end shows (more like flea markets) -- where you have to dig through items stacked one in front, or on top, of another (which can be fun and often a little dusty).

For our purposes, let's stick to the middle and high level shows. For the visitor, the best part of a show is that you get a chance to meet the dealers and ask questions ... remember that there are no 'dumb' questions -- well, I do have a list of about 30 questions and comments that would fall into the 'dumb/annoying' category (see volumes 112, 114 & 118). This is your opportunity to start building personal relationships with those dealers you feel know what they are doing. If you are lucky enough to live in an area that supports these shows, and you are interested in buying art and antiques, I would suggest that you attend. These shows will also give you a chance to see how different dealers present their works and how a particular piece stacks up against the other works in the dealer's booth, or against a competitor's work -- which can often be very enlightening.

While walking the show floor, the first thing you will notice is a dealer's overall presentation. If a booth looks pretty sloppy (no order to the hanging, broken frames, unrestored works, etc.) you generally find the works to be a mixed bag ... many of which fall into the 'decorative' category. When I see booths like that, my first thought is that the dealer is more of a merchant and not a real expert. Now, that is not to say you cannot find a gem buried somewhere, or that the dealer does not 'know their stuff'; but normally the first impression is the right one. I believe that dealers who present a clean, neat, space with an attractive arrangement tend to appreciate the works they are offering and typically have more knowledge about them. In addition, the works should be properly labeled with the artist's name, title, size, etc. and if the prices are not posted, then a list should be easily accessible ... not hidden in a draw or in the dealer's pocket; you want to be sure that the price you are being quoted is the same other people are.

Here is a great story about pricing. I was standing in a dealer's booth at a show talking to the owner. There was a painting hanging near us that I know was priced at \$500,000 (I had seen it at a number of other shows). While standing in the booth (on the last day of the show) a woman walked in and one of the salesmen started talking to her. At some point in the conversation he said the following: "... the painting is priced at \$600,000, but it is the last day of the show and I would really like to make a deal, so I will offer it to you for \$400,000." WOW, he just raised the price 20% and then cut it by 33.3%; I was shocked and wondered if that would really work? I walked back to my booth and watched the woman talk to the salesman for another 10 or 15 minutes; I am pleased to report that she finally walked out – without the painting. Now I know there are different sales techniques, but that one seemed a little devious to me. The sad thing is that I know people do fall for that sales technique.

Now let's get back to Bob's questions, one of which was: does someone actually walk into a show and just buy what they see? Over my 30 years I have found that there are various types of the people attending shows; for my discussion, I will stick to the three main groups. The first are your veterans, or seasoned buyers ... these people know what they are looking at, have a fairly good understanding of the market and just need some of the facts about a particular work in order to make a decision. These buyers can often make a decision on the spot ... and many do. Hey, I know this might sound strange but one of the main reasons us dealers do shows is to make sales!

Then we have the lightly seasoned buyer --- people who might have bought an inexpensive work before, but have yet to take the big plunge. If these people have done the right prep work --- determined the periods of art they like, visited local museums and galleries, and searched the internet to read up on the dealers who will be exhibiting --- then they can come to a show and actually buy something; but typically they spend a great deal of time roaming the show and comparing pieces from different dealers. It usually takes two or three shows before they get comfortable with making a decision on the spot.

Finally there is the unseasoned buyer ... or newbie --- people who have no idea what they are doing and come to a show just to look and maybe buy something if it strikes their fancy. Over the years I have seen many people like this and at times, they end up with a very bad experience. Here is an example: I was at a recent show and watched a couple wander the floor for a few hours ... you could tell they had no idea what they were doing. They ended up at a competitor's booth and I watched as the owner tried, for more than an hour, to close a deal on a painting by an artist whose work we handle. I sat there wondering why these people were not in our booth asking questions about the 6 pieces we had since I know they stopped in earlier. Anyway, the couple finally exited the other dealer's booth and headed straight for us. They walked over to the works we had on display and started asking questions. I spent the next 30 minutes giving them a crash course on the artist, the sizes he favored, the changes his technique went through during his career and how prices changed depending on when a work was created. They then looked at the prices posted and said: "Oh, your works are less expensive because they are later pieces" ... I said, "Later than what?" Their reply: "later than the work in the booth over there". Now I started to smile and went on to explain that in fact the other dealer's work was a much later example (turns out he told them it was a very early piece) ... and how did I know that – because the dealer bought it from us and we gave them the provenance right back to the artist and the date the work was painted. After that, they had no idea what to believe and I watched as they left our booth and quickly walked out the front door. Not only was this a bad experience for them, but for us as well; here was a couple who might never return – and it is hard to blame them. The sad thing is that there is no way to protect people from this type of misrepresentation. Sometimes the dealer in question does it with full knowledge and other times they really have no idea what they are selling ... other than it is a work by the artist – or is it?

So: how does one trust the seller/dealer? The only way I know is to do your homework and spend time talking with them. Before you go to a show look at the list of participants and then go to their web sites. See what they offer and what sort of reputation they have. Are they considered true experts in the field/fields they deal in? Do other people in the art world look to them for advice? Have they had any serious legal issues? Do they deal in a wide range of items or do they have a focus ... I personally find it hard to believe that any one dealer can be a true expert in all periods of art and antiques. Those who have a tighter focus will probably be better versed in the works they sell. If you take a little time doing your due diligence, your show experience will be much more rewarding.

Some final things to keep in mind when visiting a show --- not all dealers are created equal and some of the top level shows will include mediocre or marginal dealers. I am sure you are wondering: how can that be since it is a top level show? Well, it all comes down to money. Show promoters start out with the best of intentions, but as show time gets closer and they still have space to rent, they begin to lower their sights. I have been in many shows that have claimed to be only for the "best of the best", and when we arrive we find that some of the dealers are far from the best. What we hope for is that the visitors will realize the difference ... but you do need to be careful.

Overall, shows are a great way to learn more about the art and/or antiques you love ... and in the process you may come away with a great addition to your collection.

The Purloined Cortès

Here is a final, related, story which took place at the recent show we attended.

On August 7th I received an email from a woman in California informing us that someone broke into her home and stole a number of items; among them was an Edouard Cortès. I wrote back and thanked her for the information and told her that without some sort of image, there was little anyone could do. On the 19th she sent a blurry photo of the work – but it was enough to see the subject matter ... a view of Place de la Republique. I thanked her and said I would let her know if it came our way.

On August 24th, after setting up our booth in Baltimore, I started to walk the show floor to see what else was on display. As I passed another dealer's booth I paused and looked at a large, early, Cortes that was on display. The dealer walked up to me and asked what I thought ... my response was: "I think that is a stolen painting". He assured me it could not be and that he recently purchased the work from a dealer in California. My reply: "I was just contacted by an individual in California and was informed that a Cortes and Tiffany lamp were taken from their home ... they even included photos." I told the dealer I would go back to my booth and check my emails to be certain; sure enough, it was the same painting.

The dealer came to my booth and was shocked ... but very thankful that I brought the matter to his attention. He, in turn, contacted the individual he bought the painting from and told them about the situation. The owner of the painting was informed about the recovery of the work and she called the detective in LA ... who then called me.

Two days later the painting was returned to the owner and the police were hot on the trail of the individual who stole the work ... I have yet to hear if the thief was apprehended.

As of now, the dealer who had the painting in his booth is out the money he spent ... and he will have to try to recover the funds from the dealer he bought it from (who, I have been told, does not have it anymore).

The most important lesson to be learned from this story is that if a work of art is stolen from you, not only do you contact local law enforcement, but contact the dealers who handle the artist's works. More than likely, the thief is going to try to get rid of the work ASAP and one of those dealers might be offered the piece.

It is also interesting to note that had I not been at this show, the painting would have been offered for sale and may have even sold to an unsuspecting buyer. The title issue with the painting may have not surfaced until many years later ... when the potential new owner tried to sell the work and it was flagged; at that point, they would be out the money rather than the dealer.

Now I am sure you are wondering: how can you protect yourself from this? The answer is it is very hard to. What you can do is try to buy from dealers who have a great reputation in the business, have been around for a long time and guarantee everything they sell. Should a problem ever arise in the future, odds

are those dealers/galleries will still be in business and will stand behind the works they sold. In other words, you will get your money back and they will have to deal with the legal issues.

Howard L. Rehs

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Gallery Updates: There is still some good news for us ... for the month of September we are open Monday – Thursday and all other times by appointment.

Web Site Updates: Works by the following artists have made their way through the gallery: Joan Miro, Jules Worms, Rico y Ortega, Cortès and Bart Walter. And look for new works by Cortès, Blanchard, Jules Dupré, Julien Dupré, Emile van Marcke and Greg Harris that have been, or will be, added to the web site. A few of the new works are illustrated below:



Emile van Marcke de Lummen
Cattle in a Field (1876)
39 x 55 ½ inches



Julien Dupré
Laitiere Gardant ses Vaches
17 ½ x 23 ¾ inches



Jules Dupre
The Environs of Plymouth (1833)
21 ½ x 32 inches

Next Month: We shall see.