

# COMMENTS ON THE ART MARKET

## VOLUME 173

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### The SEXES Show

Our exhibition featuring the talents of the Ani Art Academies runs through May 15. I hope some of you will have an opportunity to stop by and see it ... there are some amazing works of art on display.

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### Stocks

By: Howard

April 1 saw an intraday low of 17,585 and by the 10<sup>th</sup> we were over 18,000; we fluctuated slightly for the balance of the month, but in general we stayed around the 18,000 level (that was nice to see); however, on the last day we just could not hold the line and the Dow dropped 195 points and closed out the month at 17,840. Very recent reports stated that US jobless claims hit a 15 year low and consumer spending rose while oil had a great month – up about 25% ... so what gives? Well, traders are now worried about earnings ... there is always something to create volatility and money! I am also pleased to report that I did not update my portfolio on a daily basis this month ... just too busy with ART!

On the 30<sup>th</sup> I updated everything and here are the month end numbers for some of my favorites: JP Morgan (\$63.26 – up 4.42%), Exxon (\$87.37 – up 2.79%), GE (\$27.08 – up 9.15%), AT&T (\$34.64 – up 6.9%), VOD (\$35.20 – up 7.71%), Verizon (\$50.44 – up 3.72%), Wal-Mart (\$78.05 – down 5.11%), Coke (\$40.56 – up 0.02%), DuPont (\$73.20 – up 2.42%) and let's not forget my newest one Merck (which I bought at \$60.43) ... it is now at \$59.56 – up 3.62% from last month. Oh, and Lance still likes to remind me about INCY – it hit a high of \$110 this month, but closed out at \$97.16.

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### Tales from the Dark Side

By: Alyssa

**Joan Longboard** - The family of New York jeweler Israel Switt has been granted the rights to ten rare \$20 Double Eagle gold coins they found in his safe deposit box in 2003. President Roosevelt abandoned the gold standard in 1933 and prohibited the use of the gold coins as currency. The Mint began melting down the coins in 1937 and it became illegal to possess them. Nobody is 100% sure how Switt obtained the coins ... possibly in trade in the 1930s or early 40s. Today, it is believed that the ten coins are worth about \$80 million. A battle with the US government over ownership has gone on since 2003 ... the story makes for an interesting read.

On a side note, in 2002 a Double Eagle coin, once belonging to King Farouk of Egypt, was sold at auction for \$7.6M, a record price for the coin ... the London dealer who owned it was permitted to sell the item; but had to split the proceeds with the US government.

**James Meyer, 53** – Former assistant to American Contemporary artist, Jasper Johns, has been sentenced to 18 months in prison for the transportation, theft and sale of dozens of artworks created by Johns. According to the case, the thefts began as early as 2006 when Meyers held onto works that Johns instructed him to destroy. By his arrest in August of 2013, Meyers had peddled 42 paintings to an unidentified Manhattan gallery which sold many of them for about \$10M ... Meyers' cut was about \$4M. In order to hide the scheme, Meyers created fake inventory numbers, forged ledger book pages and required each buyer to sign an agreement to keep the works private - not to be loaned, exhibited or resold for at least eight years – that really should have raised more than a few red flags. By the end of the investigation, Meyers turned over an additional 41 stolen works.

On top of the prison sentence, Meyers must pay \$13.5M in restitution to Johns and the buyers of his works and forfeit his \$4M. Once freed, Meyers will also serve two years of supervised release.

**Theft from the Sam Simon Foundation** – An organization that trains rescues dogs from animal shelters and humane societies to become aid dogs for the hearing impaired and veterans suffering from PTSD, had two works stolen from their Malibu property. Founder Sam Simon, the critically acclaimed television writer of Taxi, Cheers, The Tracy Ullman Show, the Drew Carey Show and The Simpson recently passed away at the young age of 59 from a long battle with cancer. Simon had a great love for the arts and over the years created a large collection estimated to be worth \$100 million. The two stolen works had an estimated value of \$400,000 ... one was a Roy Lichtenstein worth \$200,000. The Foundation is looking for any information that will lead to the recovery of the works.

**Richard Tobin, 45** – has received 28 months in jail after he stole \$900,000 worth of Faberge items from Christies, London, last December after downing two bottles of vodka. Subsequently, Tobin then sold the items to a crack dealer for a measly £100 and the items have yet to be recovered.

According to the article in one of the trade papers, among the stolen items include a £125,000 Faberge jeweled gold clock made in St. Petersburg in 1899, an aquamarine necklace and hardstone animal carvings made by the court jewelers of Imperial Russia.

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## **Really!**

By: Amy

There was a flurry of excitement when a two-piece lot, with a tiny estimate (£20-30), was the subject of a frenzied bidding battle and when the hammer came down the lot sold for £200K (\$306K) (£252K / \$386K with the commission). The seemingly ordinary lot was described as a 'Chinese blue and white two-handled vase with a six character mark' and a 'Chinese blue and white pot with four a character mark'. Both items had quite a bit of damage (Really?)

Chinese porcelain can be authenticated by the character reign marks which are done when the piece is fired...these character reign marks can make all the difference in the value of a piece. In this case, the vase is thought to be from the Yongzheng period (1722-36). The buyer, a dealer, said he was pleased with the purchase...will it end up in a sale in one of the major auction rooms or did a poor photo cost the dealer a lot of money? Time will tell.

I know that a number of our readers are Titanic fans, so I thought these would be interesting. First, a Nantucket Steamer chair, one of six or seven recovered by CS Mackay-Bennett (one of the ships that had the unfortunate task of retrieving bodies from the water), recently sold.

This deckchair had been given to a former crewmember of the CS Mackay-Bennett when the ship returned to Halifax. Full provenance illustrating the authenticity of the chair was documented in the catalogue listing.

This is the second time this chair has been auctioned, first in 2001 for £33K and more recently in April for £100K (\$149K) ... doing a little better than the £70-80K estimate; in case you are wondering, this works out to return of 8.2% per year. Now the chair ranks in the top 10 most expensive Titanic Memorabilia sold at auction. The lucky new owner must have a special place for the chair since the condition, as stated in the catalogue, is not suitable for actual use. Really!

In the same sale, a letter from the White Star Line that had been sent to an officer's family shortly after the disaster sold for £25K (\$37K). The letter stated that The White Star Line would require a deposit of £20 in order to ship the body of their loved one back to England. What is amazing and truly ironic about the letter is that it was sent even though, in fact, the officer's body was never actually recovered! Really!! Those greedy little...!!

And just in time for Mother's Day, maybe mom would love a Hermès Birkin bag, who wouldn't?? These seem to be a good investment. At a recent sale, a 2009 White Crocodile Birkin Himalaya bag garnered €157.5K (\$172K), setting a new record at the auction house; the bag was estimated at €70-90K (\$76-98K). What is astonishing is that the entire sale more than doubled its presale estimate and incidentally the top 10 lots in the sale were all Hermès bags, mostly Birkins. Have a Really Happy Mother's Day!!

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## **Databases - Fakes, Fails & Scary Tales**

By: Howard

Late last month I gave a talk on Authentication and Valuation to a group of appraisers at the ASA conference in NYC. Initially, I was going to talk about Dupré, Munier or Knight; but then realized that most appraisers will never come across works by them so I then thought – Edouard Cortes – but finally decided to focus on Antoine Blanchard (1910-1988).

After discussing the various authentication issues one faces with the artist, I turned my attention to valuation and the problems with online databases. Many people, appraisers included, rely heavily on these databases for up-to-date values; however, as I went on to illustrate, there is a great deal of inaccurate information in the listings. I then went on and pointed out that on average, for every 100 works by Blanchard listed, about 30 (or 30%) are not by 'the' Antoine Blanchard we all know and love. In addition, the top auction price shown for the artist is almost \$79,000 for the 24 x 36 inch painting ... and that painting is not by 'our' Antoine Blanchard as well.

After I finished, a number of the appraisers came up to thank me and said that I really scared them (not something I intended) ... most never realized how inaccurate the databases they consult can be and how important it is to get an opinion from a real 'expert' on an artist.

There is, of course, an easy way to clean up the market for many artists ... every painting that surfaces should be sent to the recognized expert/experts for authentication before it is offered for sale. Before we sell paintings by an artist where there is a recognized expert we first check the catalogue raisonné (C.R.) to see if it is already documented. If so, we still contact the expert so they can update the provenance for that work and send new images for their files. If the painting is not listed in the C.R. we then go through the authentication process ... this can take time and cost money, but we do feel it is part of our due diligence. Recently, we went through this with works by Wiggins, Vlaminck, Ziem and Utrillo (the Utrillo, which was being offered to us by a private individual, seemed a little 'odd' to us and in fact it turned out to be a fake ... imagine if it had been sold before being seen by the expert).

Please note that I did say 'recognized expert' and people often want to know how to determine who the recognized expert is. Well, if there is a published C.R. and people in the trade are always referencing it, then there is a really good chance that the person, or persons, who wrote the C.R. are the experts. There are also many instances where C.Rs. are still in the research phase ... in those cases you want to be

sure that people in the trade (other dealers, auction rooms, appraisers, etc.) are using that person for their authentication purposes. Look, it is easy for someone to claim they are an expert ... it is much more difficult to get the art world to believe them. And what if there is no recognized expert? Then it comes down to a dealer's own level of expertise in the period or artist – and not all dealers are created equal.

We do find that in the public sales arena, many auction rooms fall back on the old Latin phrase: *Caveat emptor* (let the buyer beware) ...this means that it is up to you to determine if the work in question is good and there are no guarantees. If it turns out not to be right, then that is your problem. Some salerooms will give the buyer a certain period of time to determine if a work is, in fact, authentic. The biggest issues here are: 1. It can be difficult to track down certain experts and even if you can, they may take a long time to get back to you, or the actual authentication process may be very complex, cost money and take months (well past your window of opportunity). 2. Most experts will only confirm if a work is going to be included in their C.R. and will not write a letter stating that the piece is not by the artist ... without a letter like that, the auction room may not refund your money.

Now I do not want you to think that the Blanchard market is the only artist who has issues. These problems exist for almost every artist. For my own information I decided to look through the databases to see how some other artists fared. I discovered that of the last 100 works by Julien Dupré to have appeared at auction, 15 were not authentic; 9 of the last 100 Ridgway Knight paintings were not right; 4 of the last 100 Emile Muniers and 13 of the last 100 Edouard Cortes paintings were not right. Please remember, that these findings are based on our years of dealing in works by these artists and are only our opinion. On top of all that, some of the details for the authentic works were incorrect ... sizes were inaccurate, titles were wrong, etc.

It is important to note that any online database is only as good as the information it receives. They do not vet for authenticity and cannot question the cataloging (size, titled, etc.). I can also tell you that there are many instances where the final selling prices are incorrect. There are times when works are shown as sold when in fact, they did not sell, or were sold for far less (or more) than shown in the database. Unfortunately, you need to be very careful when consulting these listings.

While I am on the database topic, let's quickly touch on the unsold works that are listed. There are always a number of works that fail to sell and people often wonder: Why? Is there no support for an artist? Well, it could be as easy as the painting was not authentic, or it could be because of condition issues (something you cannot see in an image), or the works were offered in the wrong sale (a remote location and nobody saw it), or some other factors such as severe weather hit the area that day or the stock market took a nosedive the day before and people were a little skittish.

Auctions take place on a specific day at a specific time and just because a painting does not sell in one sale, does not mean the same thing will happen in another sale on a different day; we all know that the art market is a very inefficient one. Over the years I have seen many instances where a work fails to sell and then comes back on the market 6 or 8 months later and blows away its estimate. There are even many times where a work is sold in a peripheral saleroom and then resold a just a few months later in a major market and makes a huge price ... back in 2013 a John W. Godward appeared in a Midwest auction with a \$300-\$500K estimate and sold for \$291K. Six months later the work was offered in a New York sale with a \$400-\$600K estimate and sold for \$1.57M.

So now think about this. If the person who bought the Godward at the Midwest offered it to you for \$600K after the sale would you have bought it? If you checked the database, your reaction would have been --- this person is crazy! However, it would have turned out to be a great buy.

The information provided by these online databases is just a small part of the equation. More important is the quality, condition, period, size, etc. of the work you are considering ... great works will always cost more than the average works when they are being sold in the right market ... and when they are sold in the wrong market, they can be bought for a fraction of their true value – this is where a dealer's expertise comes into play.

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## The Art Market

By: Lance

We had a nice variety of sales to close out the month of April. Granted, they were relatively small but they featured some interesting work and some even garnered impressive prices.

### The Orientalists

We'll start this off with The Orientalist Sale which was at Sotheby's London on the 21<sup>st</sup>. There were a number of beautiful and colorful works up on the block in this slim, 42 lot sale. Leading the way was *The Palace Guard*, painted in 1893 by Ludwig Deutsch at £989K (\$1.46M – Est. £800K-1.2M)... The work depicts a Nubian sentry adorned with meticulously rendered chainmail and ornate weaponry standing on the front stair of a beautiful marble and tile palace entrance. Not far behind was Fausto Zonaro's *Bayram (The Celebration)* at £941K (\$1.39M) which set a new auction record for the artist, though the work was only expected to fetch £350-450K. The noteworthy canvas featuring a large crowd of men playing music and dancing was exhibited at the Exposicion Internacional, Barcelona, in 1894 and has remained in the same collection since the 1930s. Rounding out the top three was another work by Deutsch titled *In the Madrasa*, which just topped its £600-800K estimate at £821K (\$1.22M). The piece is considered to be among Deutsch's more ambitious multi-figure works portraying daily life in Cairo, in this case young men and children reading and studying their texts. As a whole, the sale brought in £5.7M (\$8.48M), which was in excess of the £4-5.6M presale estimate range. 37 of the 42 (88%) works being offered found a buyer with nearly half (48.6%) of those sold lots topped their estimate.

### American Art

Just a couple of days later, Sotheby's New York offered a conglomerate of American Art including paintings, drawings and sculptures. Taking the top spot was *Football Star Constellation* by Leroy Neiman... Now I'll admit, I am not exactly a big fan of Neiman's work but I'd be a huge liar if I said my Sunday's in the fall aren't already blocked out on my calendar. So with that, I'll put on my happy pants while we talk art... Back in 1978, Neiman was selected to be the official CBS artist for Super Bowl XII (I had no idea there were official artists for the Super Bowl, but anyway...). It was the first to be played in Prime Time; the Cowboys topped the Broncos down at the Superdome in New Orleans, 27-10. The painting is a snapshot of the game clinching play... Roger Staubach's pass to Golden Richards, depicted as an intergalactic battle scene with 22 players strewn about and a streaking football comet. The work was estimated to bring just \$40-60K but there were obviously a few individuals who wanted the work very badly... The hammer fell at \$350K, and with the buyer's premium that price is bumped to \$430K! Trailing in a distant second and third were works by Norman Rockwell. Rockwell was commissioned by Brooke Bond Foods Company in 1958 to paint six pictures of people enjoying a cup of Red Rose tea and even used some of the images in their advertisements; these two works, *Pregnant Woman Drinking Tea* and *Woman Relaxing with Tea After Shopping*, were both from that series. With identical estimates of \$70-90K, the paintings ultimately sold for \$175,000 and \$187,500, respectively. The overall results were somewhat pedestrian, with a total just over \$4.4M (Est. \$3.1-4.6M) only 77% (128/166) of the works finding a buyer.

### 19<sup>th</sup> Century European

We ended the month with Christie's (mediocre) 19<sup>th</sup> Century European Art sale in New York. Honestly, we looked real hard and ended up bidding on 0 lots ... and we specialize in 19<sup>th</sup> Century European Paintings! Rough stuff. Anyway, the sale was littered with works that had seen better days or were rather late examples, so I can't exactly say I am surprised by the results and I can't help but wonder... "Where are all the really great 19<sup>th</sup> century paintings?!" Back in the 1980s and 90s these sales featured 200 plus lots, today we are lucky to see 70 or 80.

The top lot in the sale was their cover piece, Federico Zandomenighi's *Conversazione interessante*, which brought \$845K (est. \$700K-1M). After that, two works fell into a tie at \$581K...Rudolf Ernst's *La Charite chez les derviches a Scutari* was the "better" performer as it was estimated at just \$200-300K (but as we saw earlier, Orientalist works are still going strong). Ernst, regarded as one of the top Orientalist painters of the 19<sup>th</sup> Century, depicts a group of children gathered around a table enjoying a communal meal. Textures and colors run rampant, from the tile to the marble to the Oriental rug... all finely detailed and well executed. The other work at \$581K was Bouguereau's *La petite Esmeralda*, which was a beautiful painting but unfortunately had a bit of in-painting throughout the background as well as in the face of the young girl. The same work was last sold in October of 2008... not the best time to be unloading into the market... and only made \$362K on a \$400-600K estimate. Now, less than 7 years later, with an elevated estimate of \$500-700K, the price of the work has increased by more than 60% (or \$220K)! Not a bad return. So, what else? Well, there were a few Corots ... however; most had condition issues which resulted in weak prices, if they sold at all. One in particular, *La danse des trois bergeres (Soir)*, garnered \$135K even though it had 15-20 inches of tear/puncture which had been masterfully restored. A massive Courbet, 75 x 65 inches and estimated at \$1.8-2.5M (the highest estimate in the sale), failed to sell and quite frankly was not very well done... really, just rather ugly and if I were judging this artist's ability to paint from this example I would have to wonder why he is considered a master (I can't blame anyone for not breaking out the checkbook).

As I alluded to earlier, the sale was pretty weak and with a presale estimate of \$7.9-11.2M, it saddens me to say that they didn't even make it close to that number... 64 of the 83 (77%) lots sold for a mere \$6.7M and that is with the buyer's premium included. In addition, combined the top 10 lots brought in \$4.094M or 60.9% of the total.

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## General Thoughts

By: Howard

Lance hit on the biggest issue the auction rooms are facing when it comes to 19<sup>th</sup> century works of art. There are very few really good works being offered at the major New York salerooms right now. That is not to say that good works are not available ... just not at these particular venues. Over the past few months we have acquired many works directly from sellers and even found some real gems at the smaller/peripheral salerooms. Collectors of 19<sup>th</sup> European paintings need to start realizing that the NY auction rooms are not necessarily the bellwethers of the 19<sup>th</sup> century market. Just because a New York sale falls short of expectations does not mean that the market has tanked ... all it means is that the buyers were not interested in the works being offered in that sale.

I can tell you that we have not only seen an increase in the number of buyers coming to our market, but many of the works we acquire are sold before we even have a chance to offer them to our general client base. This past month a number of really super paintings came in and went out in a matter of days.

Next week we will have a good idea how the Impressionist/Modern, Post-War/Contemporary and a few of the other high profile markets are doing. Since there are many outstanding works coming to the market and some of those will be guaranteed lots (basically, they are already sold) I am sure the numbers will be staggering and it will be interesting to see if the multi-billion dollar mark can be hit.

Remember, the fun is in the hunt ... but make sure you do not wander too deep into the jungle ... you just may not come back!!

The Rehs Family  
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**Gallery Updates:** Our show SEXES runs through May 15<sup>th</sup>.

**Web Site Updates:** This month a number of works have made their way through the gallery; among the artists were: Montague Dawson, Johan Jongkind, Ilya Bolotowsky, Charles Delort, Georges Croegaert, Alexandre Lesrel, Edouard Cortes, Julie Bell, Elena Green, Emma Hirst, David Palumbo, Sharon Hourigan and Fraelo Lantigua. We have also added new works to our web site, a few of which can be seen below:

#### TRADITIONAL



Edmund Berninger  
*The Bay of Naples, Vesuvius Beyond*



Tito Lessi  
*A Game of Chess*



Edouard Cortes  
*Place Pigalle*





Antoine Blanchard  
*Place de la Madeleine, Winter*

## CONTEMPORARY



Ken Salaz  
*Sunrise over Icy Lake, Catskills*





Anthony Waichulis  
*Curious Connections*



Rodney Davis  
*Waiting for Aphrodite*



Justin Wood  
*Still Life with Sugar Snap Peas*

**Next Month:** The BIG ONES are coming ... hold on to your hats!!