

COMMENTS ON THE ART MARKET VOLUME 211

Rehs Galleries, Inc.
Rehs Contemporary Galleries, Inc.
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Gallery Hours

For July, the gallery will be open Monday – Thursday from 10 am – 5:30 pm and all other times by appointment. We will also be closed July 4th, 25th & 26th.

Upcoming Exhibitions – Four, Not Three

Over the past 4 or 5 years, from the end of July through the beginning of September the gallery has participated in 3 shows ... this year (due to a change in one of the shows) we have added a 4th - Aspen. If you plan on attending any of the shows and would like us to bring a specific work from our inventory, please let us know. We also have a limited number of tickets for the Newport, Aspen, and Nantucket shows ... if you would like one or two, please call or email the gallery.

The first two shows will take place over the same weekend and about 2,100 miles apart (please note that the gallery will be closed July 25th and 26th):

Art Aspen – this art fair opens on Thursday, July 26th, and runs through Sunday, July 29th. We will be exhibiting a broad selection of art from our roster of living artists, as well as 4 or 5 important historical works by Corot, Santoro, Vlaminck, etc.

Newport Antiques Show – this show will open on the evening of July 27th (Friday) and continues through the weekend. This is now a 2-day show. We will be exhibiting a wide range of 19th century through Contemporary works of art.

We follow-up with the:

Nantucket Summer Antiques Show which opens on Friday, August 10th, and runs through Monday, August 13th. Here too, we will be featuring a wide range of 19th, 20th, and 21st century works of art.

And we close out the summer with the always enjoyable:

Baltimore Art, Antique & Jewelry Show which will open on Thursday, August 30th, and runs through Sunday, September 2nd. (Due to the timing of the show, the gallery will close the last week of August.)

The Dark Side
By: Alyssa

Anish Kapoor Sues The NRA. By The Way, Who Are “They”? Anish Kapoor is suing the National Rifle Association (NRA) for copyright infringement after the promotional video, *The Violence of Lies*, was released with images of his Chicago sculpture, *Cloud Gate* (2004). According to the suit, filed in Illinois, Kapoor demanded that the NRA remove images of his sculpture from their video, which they have refused to do. So now, he is seeking \$150,000 in damages per instance of infringement (the law does allow for that level of damages, though to the best of our knowledge, nobody has received that amount ... but, there is always a first time).

Kapoor stated that these sadly are times in which it is urgent for us all, in whatever way we can, to stand up to the dark and aggressive forces in society that seek, out of fear and hatred, to lead us backward into a primitive, paranoid, and defensive worldview. Earlier this year Kapoor, in an open letter against the video, commented that the NRA's 'advertisement' ... seeks to whip up fear and hate.”

Could you imagine if they found in favor of the artist and awarded him \$150,000 for every view of the video? Over 4 million people have already viewed it on YouTube!

Letting Your Kids Run Free Near Some Art, Might Just Cost You A Lot! In case you missed this one, a 5-year-old boy damaged a glass sculpture that was on display at an Overland Park community center. A surveillance video shows the young 'art lover' hugging the work of art before it fell to the floor.

The artist, Bill Lyons, claims the glass sculpture (*Aphrodite di Kansas City*) is damaged beyond repair and "... wants to be reimbursed for the amount of time [he] spent on it and for what [he] thinks it is worth." (In this case, \$132,000!) Sorry, but that does make me laugh every time I read it ... for what he thinks it is worth? Here is the real question – what is it actually worth? And here are a few more questions that should be answered – what do his works normally sell for? If it is so valuable, why didn't the artist make sure it was insured? Why didn't he make sure it was properly protected? How much of his art has been sold in the six-figure range?

Look, the artist should not be compensated in some way but to the tune of \$132,000? Come on! You know, someone should try and figure out the value of all the publicity he just received.

No A/C? It's Gonna Cost You! In early May, the Frieze Art Fair took place on Randall's Island in New York. In case you do not remember, that weekend was a scorcher ... temperatures rose above 90 degrees. Since it was still early in the season, the owners of Frieze most likely assumed that temperatures would still be a little cool and did not install adequate air conditioning. I am sure you know what happened ... the heat outside rose and made conditions inside the fair unbearable. This resulted in attendees being forced to leave the show to cool off. In turn, some of the dealers/galleries seem to have suffered substantial financial losses.

On May 2nd, the event's director sent an email to all participants explaining the situation and how they were handling it. A week later they announced plans to offer some level of compensation to all the exhibitors.

On June 7th, a month later, executives of the art fair contacted the galleries with an apology for the intense heat stating: "We promised to give something back to you following Frieze New York and we are writing now to confirm that we are offering 10 percent of the booth fee to every gallery who was affected by the heat on the first two days of the fair."

For some, as they say — it was too little, too late. On June 8th, Chicago based Shane Campbell Gallery filed a lawsuit in New York's Southern District Court "on behalf of hundreds of art galleries and other persons . . . who paid substantial sums to participate" seeking \$15 million, plus damages. In the complaint, Campbell alleges that the fair was grossly negligent in preparing the site for such heat and ensuring a reasonably efficient air conditioning system.

Family Bickering – All About Greed And Control! Just when we thought this book was closed, another chapter emerges. Last month, Hubert Neumann tried to stop the sale of a Basquiat that his daughter, Belinda Neumann-Donnelly, was trying to sell at Sotheby's. (*You Cannot Sell The Basquiat ... Oh, Yeah? We'll See About That*) Now, his daughter is claiming that her father's action negatively affected the work's final selling price — it only made \$30.7M. (*Told You I Could Sell The Basquiat!*) Only \$30.7M? What is she going to do now? Sue, of course!

On June 7th, Belinda brought an action against her father to the tune of \$100M; claiming the painting should have made \$45M. Now here is the real greedy and controlling part. Mr. Neumann's father (Morton G. Neumann) amassed one of the greatest art collections with works by Picasso, Warhol, Giacometti, Dubuffet, etc.; a collection valued at more than \$1B. The artwork is now owned by two family trusts which Mr. Neumann manages. Did he really need the proceeds from the Basquiat sale? Mr. Neumann, and the Neumann family — get a life!

It's A Looted Painting? Then I Want My Money Back! When the provenance of a painting is missing from the mid-1900s (c.1930-1945) it is important for the buyer (and seller) to do their due diligence — making sure there is no connection to Nazi-looted art. During World War II, the Nazi regime established the ERR (Einsatzstab Reichsleiter Rosenberg für die Besetzten Gebiete – The Reichsleiter Rosenberg Institute for the Occupied Territories) to seize Jewish collections and degenerate art, which included Cubism, Futurism, and Dadaism. The ERR, led by Hermann Göring, was then responsible for either selling, auctioning or publicly burning, the works. Yes, on March 20, 1939, almost 5000 'degenerate' works were burned in the courtyard of the Berlin Fire Department.

Since the end of the war, restitution efforts have continued — finding the surviving/looted works and return them to their rightful owners (or heirs). Over the years we have all read many of these stories — the Gurlitt story is one of the more recent and complex.

Today there are firms like Mondex and the Art Loss Registry that aid in the recovery of looted/stolen art — for a piece of the action, of course. While more works than ever are being recovered and returned, there are still many that fall through the cracks. James Palmer, head of Mondex says: *"Sophisticated buyers of art are realising that buying from an auction house presents significant risks and auction houses need to do much more to ensure that they are not selling stolen goods,"... "Buyers of art, at auctions, should insist that the auction house indemnify them in the event that a claim is ever made in the future. This would likely encourage auction houses to be far more accountable and therefore to stop selling stolen art."*

Now to the story at hand... In 2016, Mondex contacted the grandson of Alfred Lindon, a French collector whose entire collection was seized by Göring and the ERR, and informed him that they found one of his grandfather's missing works. Fortunately, after the war, Lindon was able to recover many of the works that were seized; however, the whereabouts of Alfred Sisley's *Premier jour de Printemps à Moret (First day of spring in Moret)*, remained "unknown" until then. Turns out it was sold in a 2008 auction at Christie's, New York, for \$338,500. Alfred Lindon's grandson, Denis, then filed a legal complaint to recover the work. (You can read our own story about tracking the missing provenance of a Sisley painting in Volume 103.)

When Alain Dreyfus, a French art dealer with a gallery in Basel, Switzerland, and the current owner of the work was notified of the matter, he sent Christie's a bill for \$816,403.00; asking for a full refund plus an annual interest rate of 8%. *"If you buy a car in a garage and the police come and tell you that it's stolen you hand it back to the garage and get your money back. That's normal,"* he told the Telegraph. Christie's have not paid Dreyfus, but argue that they followed protocol and at the time of the sale there was no evidence that led them to believe the work was looted. They went on to say "The matter is now between the current owner and the heirs and is now in a legal process. Christie's stands by its position that we did our due diligence appropriately in 2008, at the time of sale." We will keep you updated on this one.

Stocks

By: Howard

June is over and where is the Dow? Still stuck in the 24,000s ... opening at 24,415 and closing out the month at 24,271 (we did get as high as 25,320, but it was short lived). Since March, we have been in a 1200 point trading range, would this qualify as market stability? The Euro closed out the month at \$1.168 (down a fraction of a cent); the Pound also dropped to \$1.32; Crude took a nice jump to \$74.34, and Gold went in the opposite direction, closing at \$1,253.70 (losing almost \$50).

As for the crypto-currency market; easy come, easy go. Bitcoin got crushed – we closed last month at \$7554 and today it hit \$5910 – oy! Ethereum fell to \$414.38 – down over \$170 for the month... oy, vey! Litecoin dropped to \$73.74 ... giving back almost \$46, and Ripple lost about 18 cents to close at .4354 – oy vey ist mir. Does anyone see a buying opportunity?

And now for the all-important part – my stocks ... JP Morgan (\$104.20 – down \$2.81), Exxon (\$82.73 – up \$1.49), AT&T (\$32.11 – down \$0.21), Verizon (\$50.31 – up \$2.64), Wal-Mart (\$85.65 – up \$3.11), Coke (\$43.86 – up \$0.86), DowDuPont (\$65.92 – up \$1.81), Merck (\$60.70 – up \$1.17), Disney (\$104.81 – up \$5.34), Intel (\$49.71 – up \$5.49), Apple (\$185.11 – down \$1.76 – but remember, it was up over \$21 last month and both Lance and Alyssa just got Apple watches so that should be a positive for the stock!), Microsoft (\$98.61 – down \$0.23) and United Technologies (\$125.03 – up \$0.21).

The ups vs downs are even better this month ... 9 up and 4 down. This month I finally talked with my broker and you know what, he invited me to dinner.

Really!

By: Amy

At a recent sale, which took place on the 203rd anniversary of the Battle of Waterloo, a black felt bicorn hat, attributed to Napoleon, sold for more than ten times the low estimate. As the story goes the hat, dropped by Napoleon on the battlefield, is one of the 120 two-cornered dress hats Napoleon wore during his rule between 1799 -1815. To date, historians have only been able to identify 19 remaining hats, most of which are in museums. The hat sold for €350K (\$407K), to an anonymous private collector, surpassing the presale estimate of €30-40K. In 2014, I wrote about another one of Napoleon's bicorn hats that sold for \$1.5M – guess this new owner got a bargain!

Two ancient Greek vases that once belonged to Lucien Bonaparte (1775-1840), yes Napoleon's younger brother, were recently sold to the Louvre. The Attic black-figure vases are outstanding examples from the 6th century BC by the Leagros Group (the final important group of Attic vase painters in the black-figure style; modern scholars have attributed about 400 vases to them). Lucien Bonaparte discovered them while excavating his estate in the Etruscan town of Vulci from 1828-29. It has been said that Lucien discovered over 3,000 vases during the first year of excavations – really? He was granted a license by the Vatican to export them, and in 1837 he sold them. The vases were estimated at €200-220K each, and after the fall of the hammer, the Louvre exercised their right of pre-emption and bought them for €550K (\$650K). Guess they will not be leaving France.

For the first time in Europe, a Hermes Himalaya Birkin bag appeared at auction. This 'second-hand' bag, made in 2008, has now become the most expensive handbag ever sold at auction in Europe. A Himalaya Birkin bag is made of special leather that resembles the color of the Himalayan mountain range and features an 18-carat, white gold diamond encrusted lock. If you are wondering why these bags are so exclusive, it is because very few are made each year, and there is a long waiting list ... unless you are a celebrity, or really, really, lucky. The handbags are all handmade by artisans that train for 3-4 years before they can even touch the leather and only 10% of the leather is used in creating a bag. So, there you go - 90% waste factor that you are paying for, just like buying the entire side of a cow and the butcher trimming it down to 1 steak. Anyway, back to this Birkin ... it was estimated to make £100-150K and sold

for £162.5 (\$287K), just slightly above the estimate and almost \$100K less than the record set last year in Hong Kong (\$380K).

One of the most celebrated books on natural history, a first edition of 'The Birds of America' by John James Audubon, was anticipated to set a record. Audubon first published the illustrations as a series between 1827 – 1838, while on a mission to find and paint all the known bird species in America. The books feature more than 400 hand-colored illustrations of 1,037 birds and are considered a major accomplishment for the artist. There are 120 known copies of books, of which 107 are in institutions - this is one of the 13 complete sets still in private hands. The most remarkable thing about this set is that it had remained with one family, the Dukes of Portland. William Bentinck, 4th Duke of Portland, bought the book in 1838 or 1839, shortly after publication, and remained with the family until Carl Knobloch bought it in 2012 for just under \$8M. Knobloch passed away in 2016 and gifted it to his foundation, the KFF (Knobloch Family Foundation). The book was estimated to make \$8-12M, and while it did not fly past the estimate, it made a solid landing when the new owner paid \$9.6M! All the money received by the foundation will be invested to benefit the environmental conservation of plants, animals, and natural habitats.

The Art Market

By: Lance & Howard

Another month full of auctions is in the books, and it is clear we are seeing effects of the high volume of material being offered... following up a jam-packed May (the BIG New York sales and the Rockefeller estate), June saw dozens of auctions at both Sotheby's and Christie's as well as countless smaller auctions around the world... the big houses held Contemporary sales in Paris and Hong Kong... and one of them made a Contemporary offering in London as well, Impressionist and Modern works were on the block in London, not to mention a host of other specially curated and online auctions... there is just too much material for the market to digest.

Impressionist & Modern - Sotheby's London

By: Lance

Earlier this week over in London, Sotheby's offered up a selection of Impressionist and Modern works in a compact evening sale consisting of just 36 lots... let's just get it out of the way now as it is going to become apparent fairly quickly – the sale did not go well.

Taking the top spot on the night was Picasso's *Buste de femme de profil (Femme ecrivain)*, which came in with an irrevocable 3rd party guarantee... the work sold on a single bid (likely to the guarantor) for just £27.3M (\$36M), which was well short of Sotheby's unpublished £34M (\$45M) estimate. In a distant second was a wiry bronze cat by Giacometti – this is an interesting one – the work last sold not too long ago in 2010 for \$21M... the same work was set to be auctioned this past May in New York but was withdrawn from the sale and carried a \$20M estimate – so the owner already knew he wasn't going to get his money out of this one, though I'm not sure he expected things to go the way they did. This time around, with an unpublished estimate, the work found a buyer at just £12.6M (\$16.7M including premiums)... that's rough. Rounding out the top three was another underperformer... Monet's *La Mediterranee par vent de mistral*, expected to bring between £6.5-8.5M, hammered at £6.3M... once you factor in the premium, that bumps the lot to £7.1M but still relatively disappointing for one of the top lots in the sale... Even the 4th highest lot of the evening fell short – Picasso's *Le peintre et son modele* sold for just £6.4M with premium (\$8.5M) though it was projected to sell between £7.5-9.5M.

As I'm sure you can imagine from these results alone, the sale was uninspiring. To make matters worse, 10 of the 36 lots failed to sell (72% sell-through rate), so it was a pretty tough evening. The remaining 26 lots that found buyers yielded a total of £87.5M (\$115.7M) which was quite a bit short of the expected take of £99.7-124.6M... and when we're reminded that the sale total includes premiums, and the estimate range does not, it really drives home the fact that this sale performed pretty miserably. Just for the sake of

comparison, the same sale in 2017 brought in £128M with 17 lots, and in 2016 they brought in £103M on 24 lots. Let's hope the London trend turns around quickly.

Christie's Impressionist & Modern - Another Day, A Lot More Money

By: Lance

In addition to Sotheby's sale last week, Christie's also took it's shot at the Impressionist and Modern market over in London... the results were a stark contrast from the evening prior... while both sales had similar pre-sale estimates, Sotheby's realized its lowest total of the category since 2012, whereas Christie's had its second-highest total of the category since 2012.

Much of the criticism aimed at the two houses had to do with the material on the block... offerings that failed to impress many as there were very few museum-quality works.

The top lot of the evening was one of those museum-quality works... Monet's *La Gare Saint-Lazare, vue exterieure*, found a buyer right in the middle of its (unpublished) £22-28M estimate at £24.9M (\$32.8M). Work from this series rarely comes to market... of the 12 train station paintings by Monet, 9 are currently in museum collections. This particular work has been held in a private collection in Texas since 1985, when it was purchased through Acquavella Galleries. Given the quality and scarcity, I think many believed the work would sell above the estimate, making this result less than impressive... That said, another one of these "rare" Paris railway station paintings was included in the Rockefeller offerings last month and made just about the same – \$32.9M. Taking second on the evening was Picasso's *Femme dans un fauteuil (Dora Maar)*, which too had an unpublished estimate... this one, expected to sell between £18-25M, found a buyer at £19.3. The work was fairly fresh to the market as it was acquired by the current owner back in 1990... that was after the work failed to sell at auction on a £3-3.5M estimate. Interestingly enough, the work didn't attract much interest and if not for the work being guaranteed prior to the sale, it may not have found a buyer this time around either. Rounding out the top three was the surprise of the night... Franz Marc's *Drei Pferde*, sold for an impressive £15.4M (\$20.2M) on just a £2.5-3.5M estimate!

There were a few other apparent differences between the two sales... Christie's, riding a wave of momentum from the Rockefeller sales, had a reasonably easy time securing material ... of the 44 works offered, just two carried guarantees, and they were both passed on to third parties – removing the risk from Christie's itself. The night prior at Sotheby's, most of the work was guaranteed by third parties or Sotheby's itself, which did not turn out well in the end... three of the works that Sotheby's had guaranteed failed to sell, one of which was a Monet – the three left Sotheby's on the hook for £6M.

Another clear disparity was bidding from Asian buyers... while both houses featured highlights from the sale at their Honk Kong location, Christie's was able to attract significant interest as Asian buyers accounted for 32% of the lots from their evening sale. While similar figures were not released by Sotheby's, multiple media outlets reported that staff members for the Asian markets were noticeably less active on the phones compared to Christie's.

In the end, the evening totaled £128M (\$168M), which was towards the upper end of the £96.4-134.5M presale estimate range and 37 of the 44 works offered found buyers (84%)... that said, 30 of the 37 (81%) works achieved a hammer price within or above their estimate... another clear difference is at Sotheby's just 19 of the 28 (67%) sold works were within or above the estimate.

Sotheby's Contemporary in London. So Close, Yet So Far

By: Howard

This week, Sotheby's London presented their Contemporary works of art and it began with an evening sale that went pretty well. Taking top honors was Lucian Freud's *Portrait on a White Cover* which carried a £17-20M estimate and hammered for £19.7M or £22.5M (\$29.8M) with commission (w/c). Coming in second was Basquiat's *Untitled* (how can they tell one 'Untitled' from another) which was estimated at £7.5-10M and hammered for £12.8M (£14.67M/\$19.49M w/c) and taking the third spot was David

Hockney's *Double East Yorkshire* which had trouble and hammered for £9.8M (£11.88M/\$14.98M – w/c), requiring the buyer's premium to make it into the £10-15M estimate. Rounding out the top five were Basquiat's *New York, New York* which brought £7M (£8.1M/\$10.8M w/c) and Peter Doig's *Daytime Astronomy* at £6.6M (£7.67M/\$10.2M – w/c).

It was an interesting sale to watch. The first 17 lots all did pretty well, selling within or above their estimate ranges ... some even crushed it like Basquiat's *Untitled* (another one) at £3.9M/\$5.2M w/c (est. £1.5-2.5) and Cecily Brown's *The Skin of Our Teeth* at £3M/\$4M w/c (est. £750-950K). Lot 18, an Andy Warhol, was the first to sell below its range at £1.15M hammer (est. £1.2-1.8M). From that point on the results were up and down, but every lot sold... well, almost every lot. It looked like they were going to have a white-glove sale until lot 43 appeared ... a Keith Haring that was estimated to sell for £800-1.2M and sadly there were no takers. Even sadder, it was the next to last lot on the sale. As they say, so close, yet so far.

By the end of the session, 43 of the 44 works sold, giving them a solid 97.7% sell-through rate. The total take was £93.7M/\$124.4M (110.24M/\$146.4M w/c) on a presale estimate range of £79.7-108.2M, so they comfortably made it at the hammer and beat it with the buyer's premium (w/c). Of the 43 sold works, 13 sold below, 15 within and 15 above their range leaving them with an accuracy rate of 34% which is not too bad when you consider that another 34% sold above expectations. If you have to be wrong, that is the way to do it!

Of note, the competition decided to forego a Contemporary sale in June, which is probably a good idea since we seem to be getting to the point where there is just way too much material hitting the market. A little breather is in order ... but wait, there is always July and more sales.

The Rehs Family
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