

# COMMENTS ON THE ART MARKET

## VOLUME 208

---

Rehs Galleries, Inc.  
Rehs Contemporary Galleries, Inc.  
5 East 57<sup>th</sup> Street, New York, NY 10022 – (212) 355-5710  
[www.rehs.com](http://www.rehs.com)

### A Collector's Passion For The 19<sup>th</sup> Century

American Fine Art Magazine recently featured one of our client's collections. Here is an opportunity to see one of the many collections of 19th & 20th century art we helped build and how it is now displayed. Among the artists featured: Johann Berthelsen, Federico del Campo, Jean Charles Cazin, Edouard Cortes, Julien Dupre, Louis Aston Knight, Daniel Ridgway Knight, Willem Koekkoek, Rico y Ortega and Guy Wiggins. You can see the full article on the [Press](#) page of our website.

---

### "Imagine"

Our exhibition, *Imagine*, opens on Saturday, April 28th, from 1-6PM and will remain on display through May 18th, 2018. All works can also be viewed online at [www.RehsCGI.com](http://www.RehsCGI.com) starting April 28th, the day of the opening.

---

### Stocks & Crapto-Currency

By: Howard

Let's jump right in with an update on the Amy's crapto, I mean crypto, currency gamble: Bitcoin is dropping like a rock – losing more than \$3,250 this month to close at \$7,079 – yikes! Luckily, she only paid about \$3,500 for it! Ethereum plummeted to \$402.28 – losing more than half its value – double yikes! Litecoin sunk to \$119.88 ... down more than \$84; and then there is Ripple (Crapple) which sunk to .51 – she bought that at \$1.91. For Amy, it brings back fond memories of a time, many years ago, when she took \$10,000 to invest in the stock market and lost it all.

As for the Dow, there isn't much to say ... other than by then end of the month it lost another 1,000 points and had a few wild days. In addition, the Euro closed out the month at \$1.23 (up a smidgen); the Pound rose to \$1.40; Crude topped out at \$64.91 and Gold brightened a little - \$1,329.60.

And now for the fun part --- my favorites ... JP Morgan (\$109.97 – down \$5.53), Exxon (\$74.61 – down \$1.13), AT&T (\$35.65 – down \$7.57), Verizon (\$47.82 – up \$0.08), Wal-Mart (\$88.89 – down \$1.12), Coke (\$43.43 – down \$4.16), DowDuPont (\$63.71 – down \$6.59), Merck (\$54.47 – up \$0.25), Disney (\$100.44 – down \$2.72), Intel (\$52.08 – up \$2.79), Apple (\$167.78 – down \$10.34), Microsoft (\$91.27 – down \$2.50) and United Technologies (\$125.82 – down \$8.92). After seeing all the red this month, I decided to see who the manufacture of Visine is – thought I might buy their stock. Turns out it is Johnson & Johnson ... and I own that stock (it was also down for the month).

I know what some of you are saying: Howard, why are you upset? Last month you had 11 down and 2 up and this month you had only 10 down and 3 up. Things aren't so bad. Very funny! Those 3 ups did not even make up for 1/3 of my loss in Apple! You know how I really know things aren't that good with the market ... my broker did not call once this month!

---

## **Tales from the Dark Side**

By: Alyssa

### **German Based Russian Avant-Garde Dealer Exonerated**

In 2013, Itzhak Zarug (an Israeli born art dealer living in Germany who specializes in Russian avant-garde paintings) was arrested by German police on suspicions of running an international fraud ring. By 2016, authorities began to realize that the case against him was not as solid as they thought, and he was released.

During the investigation, Zarug's personal collection of over 1,800 works of art (including paintings by Marc Chagall, Alexander Rodchenko, El Lissitzky, and Kazimir Malevich) were seized. After a five-year long investigation, Zarug has been exonerated and all but 3 of his works have been returned. According to recent reports: The court ordered exhaustive analysis of the paintings. Separate investigations were undertaken in the UK, France, Israel, Spain and Switzerland, and more than ten expert witnesses testified in court. ... The court retained three works out of the collection of 1,800 after tests found traces of pigments that do not match the date of the pictures. Mr Zarug maintained he had bought the pictures in good faith.

Even though Zarug was found innocent in regard to any involvement in the global counterfeit ring, he and his business partner, Moez Ben Hazaz, were found guilty on lesser charges after Hazaz, admitted falsifying the provenance of some works in order to drive up the price. As owner of the business Mr Zarug was found legally culpable despite denying knowledge of the falsification. They were ordered to pay back about \$1.2 million (for the 3 sold works purportedly by Rodchenko and Lissitzky: the paintings contained phthalocyanine blue, a brilliant blue pigment that was only produced years after the works were allegedly made) along with court fees and sentenced to time served.

After reading a number of news reports, there still seems to be many unanswered questions.

### **Why Are We Just Now Learning About This Theft?**

Why is this news just surfacing when the owner discovered, back in August of 2017, that the 6 of his Hudson River School paintings (including works by David Johnson, Thomas Cole, Thomas Moran, and Jasper Francis Cropsey) were missing from a storage facility? There needs to be better lines of communication between those who keep records of stolen works, the victims, police, and the art community.

The story goes on to report that the owner last saw the paintings in 2014. So, it has now been almost 4 years that these paintings may have been circulating in the art market. I would not be surprised to learn that unsuspecting dealers and/or collectors have bought and sold some of the stolen works.

Also, they claim the works are valued at almost \$2M and these are the best photographs? Come on ... give me a break!

### **Green + Greed = The Dark Side**

Early this month, news broke of a multi-count indictment over a \$50 million international securities fraud and money laundering scheme. Based on a release from the New York Department of Justice, six individuals and four brokerage/management corporations are involved ... among them are Panayiotis Kyriacou, Arvinsingh Canaye, Adrian Baron, Linda Bullock, Aristos Aristodemou, Beaufort Securities Ltd., Loyal Bank Ltd. and Matthew Green (the London based art dealer).

According to the press release: the defendants engaged in an elaborate multi-year scheme [starting as early as 2011] to defraud the investing public of millions of dollars through deceit and manipulative stock trading, and then worked to launder the fraudulent proceeds through off-shore bank accounts and the art world. It goes on to report that between October 2017 and February 2018, Kyriacou; Aristodemou, the uncle of Kyriacou; and Green, the owner of an art gallery in London, United Kingdom, together with their co-conspirators, agreed to launder £6.7 million, the equivalent of over \$9 million dollars, which the Undercover Agent represented to be the proceeds of securities fraud. After initially proposing the use of real estate investments to launder the funds, the co-conspirators devised a scheme to "clean up the money" through the purchase and subsequent sale of art ... a 1965 Pablo Picasso painting titled Personnages. Of course, the charges in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

## Are Bonfoey Gallery & Neil Morris In Hot Water?

In January, Richard and Becky Hearty, from Cross Plains, Tennessee, filed a lawsuit against the Bonfoey Gallery, of Cleveland, for coercing Richard's mother into consigning an important painting by George Inness to them. According to the complaint, Richard is the owner of the painting and had opted out of a consignment agreement with the gallery some 5 years ago. Then, this past November, the gallery's president (Richard Moore) induced Richard Hearty's mother, Mary, into a new consignment agreement and never contacted Richard (the owner) about the deal.

Once the gallery got possession of the painting they shipped it to Neil Morris – a Florida dealer – who, along with Bonfoey and Moore, are now accused of replevin, conversion, intentional infliction of emotional distress, fraud, breach of bailment, civil theft and civil conspiracy.

---

**Really!**

By: Amy

March was a very busy month with lots to celebrate. Kicking off the month we watched as Hollywood celebrated, applauded and awarded themselves during the 90<sup>th</sup> Academy Awards. So with that in mind, how much would you pay for a vintage movie poster? Well, last August someone thought this one was worth a small fortune - the only known surviving Italian-issued poster from *Casablanca* - the academy award winner for best picture in 1943. The artwork for the poster was created by Luigi Martinati and was used for the first post war release of the movie in 1946. Although there was some restoration, the poster had a high estimate of \$360K and ended up selling for \$478K ... reports stated that it became the most valuable poster. That record lasted until March, when a rare and important Dracula poster from 1931 was offered. This poster sparked an intense bidding frenzy and sold \$525.8K ... making it the most expensive movie poster sold at auction.

March was also Women's History month – a rare item, described as “the most important suffrage object that has come out in the last decade” made its way to auction: a purple banner, created by Emmeline Pankhurst (a British activist and leader of the women's movement), that was embroidered with the slogan “Manchester – First in the fight/ Founded by Mrs. Pankhurst/1903”. Emmeline founded the Women's Social and Political Union and used the banner as a backdrop to many of the rallies she organized in Manchester and London. The banner was eventually donated to a charity in Leeds and sat in a file cabinet for 10 years until they decided to put it up for sale. The People's Museum of Manchester, realizing the historical significance of the banner, tried to buy it, but unfortunately was outbid by a private collector who paid £13.K (\$17.6K) on an estimate of just £500 ... they just didn't have the funds to go any higher. Eventually, after the museum did some crowdfunding, it was able to make a deal with the collector and bought it for £20K (\$25.7K)! That collector made a quick profit!

The big celebration in NYC was the St. Patrick's Day Parade, but I know people all over the world celebrated too. There was one lucky Irishman this month, who managed to buy a €60 (\$75) souvenir in Morocco that turned out to be a 25,000-year-old carved rhino horn - really! While on vacation, this amateur antiques collector, purchased a figurine that he liked because it looked Chinese. He took the piece home and began to do some research ... first thinking it was a wood painted figure of the Chinese Emperor Yongle that might have dated back to the 15<sup>th</sup> century. His wife persuaded him to have the piece professionally assessed, so they travelled to Oxford and spent £550 (\$770) for a radiocarbon test which showed the piece was actually made from the horn of a woolly rhino, a mammal that flourished during the Ice Age. Now the piece was not actually carved 25,000 years ago; however, the man was most likely right in thinking that it was from the 15<sup>th</sup> century and that the fossil was used to create the carving at that time. It was estimated to sell for €20-30K (\$25-37K)! Unfortunately, I cannot find the actual sale price anywhere, so I am thinking he may not have had the Luck of the Irish – but I am determined to find it and will let you know.

I am sure many of you have been following MARCH MADNESS! How did your bracket do? Mine was not so good. However, in the sports memorabilia market there was an interesting offering. Lew Alcindor's 1966-67 college worn UCLA jersey hit the market. Alcindor had a very successful college basketball career winning three consecutive NCAA titles at UCLA, this jersey was worn during his first season leading UCLA to a 30-0 record and scoring an average of 29 points and 15.5 rebounds per game – really, that kid had talent! The jersey sold for \$138K, setting a new record for a college jersey. Of course, Alcindor was drafted into the NBA and became one of the most loved and admired players – you probably know him better as Kareem Abdul-Jabbar!

And this last item is not an April fool's joke, but if any of you have an interest in doing some serious work on restoring a Porsche, this may be for you. A 1956 Porsche 356A rusted out chassis – really, really rusted - is available on eBay for

just under \$6K. The owner has good title and the VIN plate is still in place, which is probably the only thing still in place in the car. Other cars of this vintage have sold for upwards of \$700K, so with a *little* work, you might be able to turn a profit – but really would you buy this at any price?

---

## **The Art Market**

By: Howard & Lance

For most of March the talk in the art world was about the deaccessioning of art from the Berkshire and La Salle University museums. Both sides of the coin had their “day in court” and now everyone is waiting for the final decisions. In the case of the Berkshire, Judge Lowy will give the final verdict, and for La Salle, it will be the AGO. There isn’t much time left since some of the works are scheduled to be sold in April and May:

[The Berkshire Saga Continues – April 6<sup>th</sup> Deadline Is Looming](#)

[Pennsylvania’s AGO Reviewing La Salle’s Planned Sale Of Art](#)

I also gave my own personal thoughts on the matter of museum’s deaccessioning works in a recent blog post:

[My 2 Cents On Museum Deaccessions](#)

In the public forum, there was some pretty good action at the beginning of March. The three main salerooms (Sotheby’s, Christie’s and Phillips) presented their Contemporary (and some Modern) works in London. Both Sotheby’s and Christie’s kept to the typical artists we find in Contemporary sale. Phillips, as in the past, needed to expand their offerings (Picasso, Matisse, etc.) to keep up.

### **Picasso, Matisse & Bradford: Phillips’ 20<sup>th</sup> Century & Contemporary (London)**

There was one last sale in the Contemporary series in London... the Evening sale at Phillips, and while we do not always cover Phillips Auction this one was deserving... In fact, their 20th Century and Contemporary Art Evening sale set a new record for any sale held by the company. I should probably stress the fact that this Phillips sale included both Modern works, which are typically sold alongside Impressionist works, and Contemporary...

Leading the evening was Pablo Picasso’s *La Dormeuse*, finding a buyer at £41.9M (\$57.8M), which absolutely demolished the £12-18M estimate. That work alone accounted for 43% of the entire evening sale! Surprisingly, Phillips was able to secure the work without guaranteeing it – something they often have to do in order to secure works over the competition. *Nu allonge*, a sculpture by Henri Matisse, sold for £14.9M (\$20M – est. £5-7M)... the 1907 bronze was one of the first cast from an edition of 10 and has been unseen since it was exhibited in 1917. *Helter Skelter*, a massive canvas by Mark Bradford coming from John McEnroe’s collection, rounded out the top three at £8.7M (\$12M – est. £6-8M). The work by Bradford, executed in just 2007, measured a whopping 144 x 407 7/8 inches... going to need some big walls for that one! Of course, there were a handful of failures – the only two works by Warhol (both estimated at £1.4-1.8M) in the sale remained unsold at the end of the evening, along with pieces by Fontana and Kandinsky. Interestingly, one of the Warhol’s and the Kandinsky were scrubbed from Phillips’ website and the lots are listed as “no longer available”... gotta love transparency in the art market!

As I said earlier, this was a very strong sale by Phillips’ standards... 44 of the 50 (88%) of the works on the block found a buyer and the total on the evening was £97.7M (\$135), when it was only expected to bring between £51.2-73.1M. All that said... what a difference one Picasso painting can make!

### **Doig, Richter & Wool: Sotheby’s Contemporary (London)**

This week also saw Sotheby’s London take a crack at the Post-War and Contemporary arena... with 61 works up on the block and a presale estimate of £85.9-118.7M, we knew they were not going to rival the prior night’s showing at Christie’s.

The top spot here went to Peter Doig’s *The Architect’s Home in the Ravine*, which has changed hands 5 times now since 2002... Initially selling at the same location more than 15 years ago, the work only brought £280K (\$426K)... it

then popped up in New York in 2007, where it sold for \$3.2M, then again in 2013 in London, when it sold for \$11.9M and again in 2016, when it sold for \$16.4... this time around, the work sold for £14.3M (roughly \$19.7M) so everyone made some money along the way (thought we all know the auction houses were the big winners collecting their fees each time). Gerhard Richter's *Gelbgrun (Yellow-Green)* grabbed the number two spot at £10.9M (\$15M) followed closely by Christopher Wool's *Untitled* at £10.4M (\$14.3M). Twenty-two additional works broke the £1M mark, including works by Warhol, Richter, Basquiat, Kippenberger, Polke, Richard Prince and Fontana. Of the 61 works, just 6 failed to find a buyer yielding a 90% sell-through rate... the most significant of the failures, Hockney's *Different Kinds of Water Pouring into a Swimming Pool*, Santa Monica, was expected to bring between £6-8M.

At the end of the evening, the sale of 59 works totaled £109.2M (\$150.6M)... 14 of those works surpassed their estimate, with 28 (50%) falling into their estimate range and 13 finding a buyer below the range.

### **Wool, Basquiat & Doig: Christie's Contemporary (London)**

Earlier this week, Christie's London offered up their evening selection of Post-War and Contemporary art... As you may expect, the results were pretty impressive, as evening sale results often are. The sale as a whole was expected to bring between £111-161M, up significantly from last year's sale which only brought in £96.4M (\$133M) on an expected £67-107M.

Leading the way this year was Andy Warhol's *Six Self Portraits*, which was surprisingly up for sale after being successfully auctioned off just a few year ago. Back in 2014, the work sold through Sotheby's New York from \$30.1M (est. \$25-35M) and this time sold for £22.6M, which works out to a very similar \$31.3M... this time however, with a more conservative £16-20M. In second was Basquiat's *Multiflavors*, which found a buyer at £12M (\$16.65M – est. £10-15M) followed by Peter Doig's *Charley's Space* at £10.9M (\$15.1M – est. £6-8M).

A number of other lots made solid prices... *Three Studies for a Portrait* by Francis Bacon made £10M (\$13.8M); a 1950 Pollock brought in £9.35M (\$12.9M); Twombly, Calder, Hockney, Richter and Fontana all had works sell in excess of £1M... conversely, 5 works failed to sell – the most notable being Warhol's *Birth of Venus (After Botticelli)*, which was pegged with a £4.5-5.5M estimate.

By the end of the evening, 60 of the 65 works found buyers, or roughly 92%... the sale totaled £137.9M (\$190.5M) including buyer's premiums, which was right in the middle of the expected range with 30% of the sold works going for prices above their estimate range, 43% within the range and 26% falling below the estimate range.

The Rehs Family

© Rehs Galleries, Inc., New York – April 2018