

COMMENTS ON THE ART MARKET

VOLUME 212

Rehs Galleries, Inc.
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Upcoming Shows

Nantucket – this show opens on Friday, August 10th, and runs through Monday, August 13th. If you will be on the island during that weekend and would like tickets, please feel free to download them from the Exhibition page on our website.

Baltimore – this year the show will take place over Labor Day Weekend. We open on August 30th and run through September 2nd. If you would like complimentary tickets, you can download as many as you need from our website, or call/write us and we can mail you some.

Stocks

By: Howard

It seems we may have broken out of the 24,000 rut! This past month we opened at about 24,271, by the 13th we hit the 25,000s, and stayed there, closing out at 25,415 ... over 1,100 points to the upside. Nice! I just hope this isn't a short-lived run. The Euro closed out the month at \$1.169 (flat); the Pound dropped to \$1.31; Crude gave back more than \$6 ... closing at \$68.32, and Gold lost another \$20, closing at \$1,253.70. Guess July was all about the stocks.

As for the crypto-currency market; it is one volatile experience. Bitcoin closed at \$7,739, gaining \$1,829 – wow! Ethereum gained over \$20, closing at \$434.80. Litecoin gained more than \$6 to close at \$78.90, and Ripple was basically flat – closing at 43.5 cents. Hey, three out of four isn't bad.

And now for the best part – my stocks (before I checked, I had a feeling this was going to be a good one) ... JP Morgan (\$114.95 – up \$10.75), Exxon (\$81.51 – down \$1.22), AT&T (\$31.97 – down \$0.13), Verizon (\$51.64 – up \$1.33), Wal-Mart (\$89.23 – up \$3.58), Coke (\$46.63 – up \$2.77), DowDuPont (\$68.77 – up \$2.85), Merck (\$65.87 – up \$5.17), Disney (\$113.56 – up \$8.75), Intel (\$48.10 – down \$1.61), Apple (\$190.29 – up \$5.18 – remember, last month I mentioned that both Lance and Alyssa got Apple watches on the last day of June ... told you it would be a positive for the stock!), Microsoft (\$106.08 – up \$7.47) and United Technologies (\$135.74 – up \$10.71). I also forgot to mention that on April 10th, my broker suggested I buy a little GOOG stock, so I did at \$1,019 -- it closed out the month at \$1,217.

The ups vs downs improved, once again ... 10 up and 3 down (if we add in GOOG we have 11 up). As for my favorite broker (ok, he is my only broker), this month we had dinner twice (I even paid for one) and ... ready for this? He came by and bought a painting. What a month!

Really

By: Amy

I love Winnie the Pooh! Really - who doesn't? When I read about the upcoming sale of several rare Winnie the Pooh drawings by British illustrator, E.H. Shepard, I could hardly contain myself. Of course, I had to see if the estimates were in my comfort zone and sadly, they were not. There were five sketches in the sale, one of which was the 1926 original map of the "Hundred Acre Wood" featured in A.A. Milne's book, *The House at Pooh Corner*. This drawing had not been on the market for 50 years and blew past the estimate of £100-150K when it sold for £430K (\$569K), setting a new world record for a book illustration. Also, I found it interesting that the illustration sold twice in the past – in 1968 for £650 and just two years later, in 1970, for £1700. Who knows what it may go for in another 50 years? I bet Pooh knows! As for the other illustrations, they were sold in 3 lots, all beating their estimates. In total, the five illustrations were estimated to make £310-440K, and when all was said and done, they totaled £917K (\$1.12M)!!! A day with Winnie is a day filled with sunshine – I bet the sellers really feel the same way.

Now once again I will suggest you check your closets, attics, and basements and you might be as lucky as the next few consignors were – and they were, really lucky! A vase that was brought into an auction room in a shoebox for possible sale turned out to be a real find. The vase, left to the consignor's grandparents by an uncle who died in 1947, was identified as a one of a kind Imperial Qianlong Yangcai famille-rose porcelain vase. Although Qianlong vases appear regularly at auction, this one was quite rare. After a 20-minute bidding battle, the trophy piece had found a new owner. The estimate was modest at €500-700K, and when the skirmish was over, the anonymous buyer paid €14.2M (\$16.2 with commission)! Not a bad payday for something found in a shoebox!

Even museums have precious and rare items tucked away in storage with little idea of the value they hold. The Philbrook Museum of Art in Oklahoma decided to sell such an item, another Qianlong vase that had been in the museum's permanent collection since 1960. The rare doucai and famille rose 'anbaxian' vase was initially purchased sometime before 1925 by George Taber, Jr. (1859-1940), an avid collector of Chinese ceramics and jade. It was then passed down through the family until 1960 when it was donated to the museum. Since it was rarely displayed, the museum decided to deaccession the piece. The vase was featured in a one lot auction in Hong Kong with an estimate of HKD 70-90M (\$9-11M) and realized HKD 130M (\$16.7M)!! A nice windfall for the museum which will allow them to expand their collection and purchase hundreds of other works that they feel will have a greater impact on the community.

And then, every once in a while, someone gets really lucky! A speculative online bid of just \$20 turned out to be the buy of a lifetime. After extensive research, the purchase turned out to be an early American porcelain teapot attributed to John Bartlam of South Carolina (c.1765 -69). Although the teapot was missing its lid and had some minor repairs, it was a rare find and is thought to be just the 7th recorded piece of porcelain made by John Bartlam. The teapot appears to have been made from local clays and possibly represents the oldest American made porcelain teapot. The bidding came down to two opponents, a private American collector on the phone and the Metropolitan Museum of Art ... and the winner - the Met! Bidding started at just £10K, and at the end, they forked over £525K (\$806K with commission) for their new teapot.

Tales From the Dark Side

By: Alyssa

Guy Wildenstein – Breathing a Sigh of Relief. For years, the French tax authorities have been after the Wildenstein family for tax fraud.

In January of 2017, the court found evidence that Wildenstein tried to hide hundreds of millions of euros worth of art, real estate, racehorses, etc. However, *the judge said he could not return a guilty verdict due to failings by French investigators and shortcomings in the country's tax fraud legislation.* Guess they need to work on that.

A re-trial (in which prosecutors were looking for a fine of €250m and jail time) ended on June 29th. The judge ruled that Guy Wildenstein could not be charged because too much time had passed since the 2002 tax declaration following his father's death. On the second inheritance in 2008, the judge found a lack of legal basis and evidence to support a prosecution.

I am sure that Mr. Wildenstein and other family members are now breathing a sigh of relief. Well, at least for the time being since prosecutors will now bring the matter to the Cour de Cassation (Court of Cassation), France's court of last resort.

Sometimes, Looking for a Second Opinion Just Does Not Help. In 2012, Sotheby's sold an Old Master painting of Saint Jerome cataloged as "the circle of Parmigianino" for \$842,500. By 2016, pigment analysis performed by Orion Analytical (a materials analysis firm founded by James Martin in 2000) had shown the work contained Phthalocyanine Green, a modern green synthetic pigment, in over 20 areas. The work was deemed a 20th-century forgery and Sotheby's refunded the buyer and subsequently sued the consignor – Luxembourg based dealer Lionel de Pourrières, who refused to refund his proceeds.

Shortly before this, Sotheby's refunded an American collector almost *\$10 million for a Frans Hals* that Orion Analytical proved was a fake. Both the Hals and Parmigianino works (along with many others) "passed through" the hands of Giulano Ruffini – a French art dealer at the center of several Old Master forgery cases amounting to as much as \$255m worth of possible fake art, including works by Lucas Cranach the elder and Orazio Gentileschi.

But let's get back to the story at hand. Lionel de Pourrières decided to hire Maurizio Seracini, another scientific investigator to test the work and prove its authenticity. Instead of testing for the modern green pigment, Seracini took a different approach and found a synthetic resin, developed after 1930, that was used throughout the layers of paint – this did not help de Pourrières's case. Then Sotheby's case gained further support when de Pourrières's lawyer withdrew from his defense since he had not been paid.

Sotheby's has filed a motion for a default judgment based "on two expert reports and what is as good as an admission from the defendant that it is a forgery."

By the way, Sotheby's purchased Orion Analytical in 2016 ... not a bad move on their part!

Rybolovlev Copy-Cat Case – More Greed? One of the big Dark Side stories of 2017 was, and still is, the Dmitry Rybolovlev vs Yves Bouvier lawsuit. Now, another Russian billionaire and his son are suing an art dealer on charges of inflating prices and defrauding them of millions.

According to The Art Newspaper, Vladimir Scherbakov, the founder of Russia's second largest car manufacturer, Avtotor, and his son Sergei, filed a fraud complaint in 2015 against Thierry Hobaica. The criminal case recently opened in Geneva with the Scherbakov's claiming that Hobaica, who was contracted as their personal broker for a fixed fee, overcharged them.

The Scherbakov's art collection is valued at about €700m and includes works by Pablo Picasso, Henri Matisse, and Alberto Giacometti ... many of which were purchased through Hobaica. Court documents reveal that Hobaica may have pocketed €38m in commission from the sales using off-shore bank accounts to disguise the profits. Hobaica claims the accounts were used to protect his client's privacy.

Motherwell Comes Home. In 1978, several dozen works by the Modernist master Robert Motherwell went missing when he hired a moving company to transport his art from one storage site to another. After 40 years, one of the missing works, "Untitled, 1967" (a 69 x 92 inch work valued at \$1M) has been found.

According to reports, an unnamed man was helping his mother clean out her garage when he noticed a large canvas with Motherwell's name on the back. After searching the internet, he contacted the Dedalus Foundation (an organization Motherwell founded in 1981 to educate the public on modern art) in the hopes that it would turn out to be authentic and then sell it. Sadly for him, the foundation contacted the

FBI. They, in turn, determined that the man's father (who passed away in the 1990s) worked for the moving company when the original trove of paintings went missing. Hopefully, this will give them some fresh leads, and they can find some of the other stolen works.

As you might guess, the painting was recovered by the FBI and returned to the Dedalus Foundation.

The Art Market

By: Howard & Lance

Wish I could tell you that we had a break from the public action, but the art market is now like the Energizer Bunny, it just keeps on going. During July, the action continued in the United Kingdom with the Old Master and 19th Century sales -- all of which found good action when the right works were offered. In addition, the art & antique fairs are in full swing. We saw plenty of activity at the Newport show, a little in Aspen, and are really looking forward to both the Nantucket and Baltimore shows.

Sotheby's Old Masters, London

On July 4th, while we were celebrating our Independence, a group of dealers and collectors were enjoying a fairly successful evening at Sotheby's Old Master sale in London. Taking the top position was Rubens' *Portrait of a Venetian Nobleman* at £5.42M (\$7.16M – est. £3-4M). Turner's *Walton Bridges* squeaked into second at £3.376M (\$4.45M – est. £3-5M) and Hans Baldung's *The Holy Family with Five Angels* took third at £3.01M (\$3.98M – est. £2.5-3.5M). Rounding out the top five were a set of 4 religious-themed panels cataloged as South Netherlandish School (c.1418-25) that made £2.65M (\$3.5M – est. £1-1.5M) and a pair of portraits by Wright of Derby which garnered £2.41M (\$3.18M – £2-3M).

In this field there are always some nice surprises; these included a collaborative work by Brueghel and van Balen which made £2.05M (\$2.71M – est. £600-800K), a Durer attribution that brought £1.15M (\$1.52M – est. £300-400K), a still life by Claesz at £550K (\$727K – est. £150-200K), and these days no sale would be complete without a work that has a Leonardo connection ... here, one titled *Portrait of a Lady in Profile* and cataloged as Circle of Leonardo da Vinci grossed £550K (\$727K – est. £200-300K). On the other side, there were a few biggies that could not find takers – these included two by members of the Brueghel family (est. £2.5-3.5M & £600-800K), a Murillo (est. £600-800K), and a pair of paintings by Vernet (est. £1.8 – 2.2M).

By the end of the evening, of the 66 works offered, 51 (77.3%) found buyers for a total take of £46.6M (56.3M). The low end of the pre-sale estimate range was £33.18M, so they easily made that. The New York Times did point out that last year's Old Master sale brought in £52.5M which means that this year's total was down 19%; however, they also highlighted the fact that last year the sale included a Turner that sold for £18.5M. Like I always say, what a difference a painting or two can make.

The real takeaway from this sale is that great Old Master paintings are in short supply (at least at auction) and any evening sale will only be as good as the works being offered. Of the 66 lots, 9 carried estimates below £100K (one even had a £15-20K estimate ... is that really evening sale material?). Another 9 fell into the £100-200K range and most of the works in the sale, about 49, carried estimates below £600K.

Christie's Old Masters – London

On July 5th Christie's presented their group of Old Master works of art ... and from the results, it appears they were not as successful as their main competitor. Taking the top slot here was Carracci's *Portrait of Carlo Alberto Rati Opizzoni*... that carried a £3.5-5M estimate and sold for £5.07M (\$6.7M) – this painting last sold in 2005 for \$1.81M. In second was Gerard David's *The Holy Family* that realized £4.85M (\$6.4M) on a £1.5-2.5M estimate. The seller acquired this painting in 2003 for \$1M ... another nice return.

Third place was nabbed by Rembrandt. Now you might be wondering, how could a Rembrandt not take to top position? Well, this was not a painting, but a print. In 1655, Rembrandt created his drypoint *Christ Presented to The People* which today, is among his most sought-after works in this medium. The one offered is the only first state still in private hands (there are eight known examples, seven of which are in museums collections). While the piece did not carry a published estimate, they were expecting it to make in the £2.2-3.5M range and it sold for £2.2M (\$2.9M – a record for any Old Master print). Rounding out the top five were a Bernardo Bellotto Venetian scene at £2.17M (\$2.86M – est. £2-3M) and a Ruysdael coastal landscape at £1.93M (\$2.55M – est. £1-1.5M).

Among the other bright spots in this patchy sale were a Constable £1.03M (est. £400-600K); Ruisdael at £513K (est. £100-150K); and a Dobson at £441K (est. £100-150K). Unlike Sotheby's, Christie's likes to remove all of the unsold works from their website (guess this is their idea on how to make the art market more transparent). However, a quick search provided a few of the BIG failures, which included Rubens's portrait of his daughter Clara Serena that carried a £3-5M estimate (this seller bought the painting back in 2013 for \$627K, on a \$20-30K estimate, when it was deaccessioned by the Metropolitan Museum of Art and sold as a follower of Rubens), Zanobi Strozzi's *Last Judgement* (est. £2-4M), and van Dyck's portrait of the Cheeke sisters (est. £2-4M).

When this session ended, of the 61 works offered, 45 sold (74%), and the total take was £31.2M/\$41.2M (with commissions). The pre-sale estimate range was £28.9 – 47.8M, so they needed the buyer's premium to make it. Here too, the press reported that their 2018 sale was down almost 29% from the prior year. What they failed to mention is that last year's sale included a massive 4 foot by 6 foot view of Venice by Francesco Guardi. The work was estimated to bring between £25-35M and made £26.2M (\$33.8M). Another beautiful example of — what a difference one painting can make.

Vic Pics: Christie's London – Works on Paper Rule

The auction action never stops. This week saw a trio of sales across the pond in London... Two at Christie's and another at Sotheby's (due to all the activity in the gallery, I will be covering one of the sales this month and the other two next month). Both took their shot at the Victorian, Pre-Raphaelite & British Impressionist art market and Christie's also threw in a small 19th Century and Orientalist Art sale.

The first of the week was Christie's – a whopping 179 lots up for grabs. With an absolutely stellar performance, John William Waterhouse's *Flora* grabbed the top spot at just over £500K on a £150-250 estimate (£410K hammer)! It last sold in 2010 at Sotheby's in London for just £145K. The chalk drawing on paper is one of less than 150 studies known to exist by Waterhouse and depicts the subject from one of his most complex paintings from the prime of his career – *Flora and the Zephyrs* debuted at the Royal Academy in 1898 and would eventually become part of George McCulloch's remarkable art collection. In second was another preparatory study... this one by Dante Gabriel Rossetti. The pencil and chalk on paper was expected to bring between £200-300K and found a buyer just above that at £320K (£260 hammer). The work remained with the same family for more than 100 years before being sold in 1981... it then changed hands a couple more times, most recently in 2004 where it was acquired through Sotheby's London for £117K. Rounding out the top three was a work by Grimshaw... the smallish work is a window into a gloomy, moonlit evening in London's village of Hampstead. It was purchased from a small antique shop in Hampstead in the early 1960s and has been passed down through the family since... here, it was expected to sell between £200-300K and nearly surpassed that mark at £296K (£240 hammer). There weren't exactly many "highlights" here but there were a few, let's call them, bright spots... A Burne-Jones more than quadrupled its £8-12K estimate as it found a buyer at £56K; similarly, a set of portraits by Evenly de Morgan hit £125K on a £20-30K estimate; and a work by Charles Perugini, which was exhibited at the Royal Academy 1897, more than doubled its £70-100K estimate at £212K.

In the end, 131 (73%) of the 179 works found buyers and totaled, with premiums, nearly £5M... the sale was expected to bring £4-7M, so without the buyer's premium they just missed the mark.