

COMMENTS ON THE ART MARKET

VOLUME 209

Rehs Galleries, Inc.
Rehs Contemporary Galleries, Inc.
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Imagine

Through May 18th

Imagine is now on view at the gallery. The exhibition is open Monday - Friday from 10 am - 5 pm; all other times by appointment. You can also view the full exhibition on our website.

Chicago

From May 17th - 20th we will be exhibiting at the Chicago Antiques + Art + Design Show at the Merchandise Mart in ... where else? Chicago! Visit our site for more information and a link to complimentary tickets (print out as many as you need) ... they are free, and free is good!

Stocks & Currency

By: Howard

I know you are all wondering how well Amy's crypto currency gamble did this month. Well, Bitcoin soared – gaining more than \$2,000 to close at \$9,144 – yes! Ethereum jumped to \$661.37 – up almost \$260 for the month... double yes! Litecoin rose to \$146.84 ... gaining back some of last month's losses; and Ripple gained more than 30 cents to close at .8146 – she is still down on this one (cost is about \$1.91) but making progress. Too bad I didn't "bet the farm" on those coins at the beginning of the month.

As for the Dow, we seem to be in a tight trading range – the 24,000s. We opened the month at 24,076, hit a high of 24,850, and closed at 24,163 ... less than a 100-point gain. In addition, the Euro closed out the month at \$1.208 (down a few cents); the Pound also dropped to \$1.377; Crude was up to \$68.56 and Gold gave back a little - \$1,315.70.

And now for the all-important part – my stocks ... JP Morgan (\$108.78 – down \$1.19), Exxon (\$77.75 – up \$3.14), AT&T (\$32.70 – down \$2.95), Verizon (\$49.35 – up \$1.53), Wal-Mart (\$88.46 – down \$0.43), Coke (\$43.21 – down \$0.22), DowDuPont (\$63.24 – down \$0.47), Merck (\$58.87 – up \$4.40), Disney (\$100.33 – down \$0.11), Intel (\$51.62 – down \$0.46), Apple (\$165.26 – down \$2.52), Microsoft (\$93.52 – down \$2.25) and United Technologies (\$120.15 – down \$5.67). Guess all the Visine I bought last month did nothing ... it did not even help the JNJ stock!

So, this month was a continuation of last month ... 10 down and 3 up. Not sure I like this trend. Of course, there is always a silver lining (if you look hard enough) ... once again, my broker never called.

Really!
By: Amy

This month there were two auctions that I thought might be some kind of joke, but much to my amazement they weren't, and they both did surprisingly well. The first sale did make some headlines as it was titled *The Art of Divorce*. Really, who would try to capitalize on a divorce? All the items in the sale were owned by Russell Crowe and his recently divorced wife, Danielle Spencer; people were speculating that Crowe decided to sell some of his prized possessions to aid in his payment of the divorce settlement. The sale took place on Crowe's birthday, which also marked the couple's wedding anniversary, and featured a collection of jewelry, art, 19 collectible guitars and memorabilia including various costumes and props from his successful movie career.

Bidders from around the world participated and, in the end, there was an 85.5% sell-through rate and it garnered AUD\$3.7 M (USD\$2.84) – really not bad at all! The highest priced lot was a painting by Charles Blackman titled *The Suitor* (est. AUD\$180 - \$220K), it sold for AUD\$439K (US\$337K) – twice the high estimate. Another item that really blew away the estimate was a stunt cuirass (in case you are wondering, that is a piece of armor) worn by Crowe in the movie *Gladiator*. The item was estimated at AUD\$20-30K and bidders battled it out to the tune of AUD\$152K (US\$117K)! An aluminum prop sword from *Gladiator* sold for AUD\$85.4K (US\$65.5K, est. AUD\$3-4K). A replica Roman Chariot used in *Gladiator*, that functioned, ran away from its estimate of AUD\$5-10k and sold for AUD\$79K (US\$60.6). Crowe's costume from *Master and Commander (2003)* for his character Jack Aubrey brought another strong result; it sold for AUD\$140K (US\$107.7 - est. AUD\$25-35K). If you were wondering, Crowe did make an appearance at the sale, and I would hope he was really pleased with the results!

There was another sale that, at first, I thought was rather absurd – a door sale, yes doors to hotel rooms from the Chelsea Hotel in New York City. But as I read more and more about the infamous hotel and how the sale evolved, I realized that this was a really incredible way to collect a piece of New York's bohemian history (I should add that Howard thought the whole thing was rather ridiculous and a sign that some people have far too much money these days).

The hotel, built in the mid-1880s and on the National Registry of Historic Landmarks, had some notable residents through the years ... writers, musicians, artists and actors that have had both brief and extended stays. Recently, the hotel was sold and is undergoing renovations and the old hotel room doors were discarded. A former resident of the hotel (from 2001 – 2011), who was homeless, saw an opportunity and decided to preserve some of the doors that were being thrown away; hence the creation of a one-of-a-kind auction. Some of the guest and residence of the hotel were Humphrey Bogart, Bette Davis, Jackson Pollack, Andy Warhol, Bob Dylan, Iggy Pop, Jimi Hendrix, Jon Bon Jovi, Janis Joplin, and Madonna. The doors had various estimates, mostly between \$1K-\$100K (Howard is still shaking his head that a door to a hotel room could be valued at \$100K). So how did the sale do?

Taking top honors was the door to a room where Bob Dylan stayed, it sold for \$125K! Next was the door to the room where Janis Joplin/Leonard Cohen stayed, not at the same time of course -- it sold for \$106K. The door Andy Warhol/Edie Sedgwick (again, not at the same time) closed at night sold for \$65.6K, and Jack Kerouac's door sold for \$37.5K. Then prices take a significant drop -- \$16,250 for a door that was once touched by Madonna/Isabella Rossellini/Shirley Clarke, as well as another door that once shut Jimi Hendrix in. Additional results include doors that these famous people once used - Bob Marley, \$8,750, Jackson Pollack, \$8,750 and a nameless red door with an eye painted on it sold for \$12,500. Really?

In the end, the sale made \$552K with the commissions – not bad for some old doors that were being tossed out. And what makes this really special is that the homeless man (Jim) who preserved all the doors decided to give half the proceeds to City Harvest and the rest he will keep for himself to hopefully purchase a home. (From what I have read, for every \$1000 City Harvest receives, 1000 homeless people are fed - amazing!)

Tales from the Dark Side

By: Alyssa

We do recommend visiting our blog for links to the original articles.

Drama At The Upper Levels Of The Art Market

According to a number of recent articles, contemporary art collector Steve Tananbaum has filed suit against Gagosian Gallery and Jeff Koons for failing to deliver 3 of the artist's sculptures. As of now, Tananbaum has ponied up about \$13 million since 2013 and has nothing to show for it ... or is Koons creating some sort of conceptual art — one where the buyer just needs to 'imagine' the work!

Judy Tucker – Art Restorer & Angry Racist Old Fart

While this is not really an 'art related' story, it is something that still plagues our society ... racism ... and in this instance, it does have an 'art' connection. It appears (I say appears because all I have read are a few of the many articles and watched a partial video) that Judy Tucker, a Georgia art restorer, flew off the handle and hit a pregnant service woman in the face. Here is the real stupid part ... this was all over a parking space. Come on people ... get a life!

Well, Tucker was arrested on battery charges and then released on \$650 bond — guess she is not much of a flight risk! This is not only a real sad statement of our society, but also a great lesson on how one stupid move can impact your business. As of now, her business's Facebook page has a 1-star rating (with thousands of negative comments), its website is down and has 69 1-star ratings on Google (all of which seem to have been posted today).

It Is Time To Take A Tough Stand

The Indian Arts and Crafts Act, first passed in 1935 and revised in 1990, made misrepresenting retail arts and craft items as Native American, when in fact they were not, a federal crime. For a first-time violation of the Act, an individual can face civil or criminal penalties up to a \$250,000 fine or a 5-year prison term, or both. If a business violates the Act, it can face civil penalties or can be prosecuted and fined up to \$1,000,000.

It is estimated that gross sales for the Native American arts and crafts industry is in excess of \$1 billion. Recently, an undercover sting operation (named Al Zuni) has unraveled the world's largest Native American art fraud scheme and revealed that many of the "authentic" crafts come from overseas factories in the Philippines. As a result, it now appears that one jewelry dealer, Nael Ali, will be the first individual facing charges since the Arts and Crafts Act's inception.

In March of 2012, the Office of Law Enforcement for the South West Region of the U.S. Fish and Wildlife Services created Operation Al Zuni. Later that year, Special Agent Russel Stanford intercepted a shipment from Fashion Accessories 4 U (a factory in the Philippines) heading to Sterling Islands (an Albuquerque import company). Inside the shipment were Native American jewelry replicas — Agent Stanford marked them with an invisible ink pen and sent them on their way. A few months later, Stanford (posing as a jewelry dealer), entered Nael Ali's Gallery 8 store and purchased two rings stamped with the initials CK. According to the seller, the initials stood for a Navajo jeweler Calvin Kee. However, once the rings were put under ultraviolet light, Stanford confirmed that these were from the shipment of fakes he tagged a few months earlier... Oh, in case you are wondering, there is no known Navajo jeweler by the name of Calvin Kee.

By 2015, the operation went public and a number of jewelry and Indian art stores were raided in New Mexico and California. Over 350,000 pieces of jewelry, with an estimated value of \$35M, were seized. In addition, Nael Ali and Mohammad Manasra (a traveling jewelry seller) were arrested and became the first jewelry dealers to be charged with violating the act.

This appears to be just the tip of the iceberg and we hope that law enforcement will take a tough stand and start cleaning up this market.

The Art Market

By: Howard & Lance

Talk and action on the museum deaccessioning front continued through April. The La Salle works hit the market and the results were rather lackluster ... but so were many of the paintings; especially those that belonged in our market, the 19th century (read our review of the Christie's 19th century sale). In addition, it was revealed that George Lucas was the buyer of the Berkshire Museum's Norman Rockwell (but only a handful of people know what he paid for it). On top of that, the Baltimore Museum of Art announced that it will be selling off works by some of the bigger names in the contemporary art market: Warhol, Noland, Rauschenberg, Kline, etc. ... at least they are selling for the right reasons: the museum has better examples of the same artist's works in their collection and the proceeds will be used to buy works that fill gaps in their collection.

George Lucas, Norman Rockwell & The Berkshire Museum

When it was first announced that the Berkshire Museum's "Shuffleton's Barbershop" (by Norman Rockwell) was going to be sold to another museum many people, including myself, figured it might be heading for Crystal Bridges. Well, today we found out that the Lucas Museum of Narrative Art in Los Angeles, which will focus on the art of visual storytelling, was the buyer. Since Lucas's \$1 billion museum has just broken ground (it will not open to the public until 2022), the Rockwell will remain at the Berkshire for the time being.

Look, there are many people who are very upset about the fact that the Berkshire Museum is selling off all of its important art ... and nobody can blame them for feeling that way. The thought that a museum would sell off its art to keep the lights on is not a pleasant one and is probably just a band-aid for a very deep wound. On the bright side, at least this one piece is heading to another museum and will remain on view for all to see. We will soon find out the fate of the other 39 works — 13 of which are coming up for sale next month. It will also be interesting to see how much longer the Berkshire Museum will remain a museum.

More Museum Works Hit The Market

There have been many recent articles about the Berkshire's and La Salle University's decision to sell works for the wrong reasons. Well, the Baltimore Museum of Art's recent press release highlights one of the right reasons ... to strengthen a collection. According to their release, the funds raised will be used exclusively for the acquisition of works created from 1943 or later, allowing the museum to strengthen and fill gaps within its collection.

The works being sold are:

Franz Kline's *Green Cross*, 1956, oil on canvas (est. \$6-8M)

Kenneth Noland's *Lapis Lazuli*, 1963, acrylic on canvas

Kenneth Noland's *In-Vital*, 1982, acrylic on canvas

Jules Olitski's *Before Darkness II*, 1973, acrylic on canvas

Robert Rauschenberg's *Bank Job*, 1979, mural consisting of solvent transfer images and fabric collage with colored mirror

Andy Warhol's *Oxidation Painting*, 1978, acrylic paint containing metallic pigment with portions oxidized by urine (est. \$2-3M)

Andy Warhol's *Hearts*, 1979, synthetic polymer paint and silkscreen ink on canvas.

At first, I thought it was odd that a museum would sell works by Kline, Rauschenberg or Warhol. Then I discovered that the museum's collection contains over 90 works by Warhol, about a dozen by Kline and almost twice that by Rauschenberg. Selling off some of the less important works will allow them to add a little diversity to their collection. To that end, they also approved a number of purchases ... included are works by: Mark Bradford, John T. Scott and Jack Whitten, who are African-American, and Zanele Muholi, who is South African.

In the public forum, we had a few more warm-up sales. First was the Christie's 19th century sale (with a few, not so impressive, works from La Salle University), followed by the Old Masters in New York and then a nice Orientalist offering in the UK.

The 19th Century

The auction action in New York started this week with the 19th century sale at Christie's ... so let's jump in.

Taking the top two spots were works by William Bouguereau. His *Admiration maternelle – le bain* carried an \$800-\$1.2M estimate and hammered down at \$750K — \$912.5K with commission (w/c); this same painting sold back in 1984 for \$100K. *La grande soeur*, which also carried an \$800-\$1.2M estimate, brought \$700K (852.5K w/c – back in 1983 it made \$80K). So, while they may not have reached the levels the auction room expected, they did offer a nice return over the years. In third was one of the La Salle University works ... Ingres' *Virgil Reading from the Aeneid* – not one I was very impressed by. This painting had a \$600-\$1M estimate and hammered down at \$550K (\$672.5K w/c).

Rounding out the top 5 were Paul Helleu's *La Lettre*, which carried a \$300-\$500K estimate and brought \$490K (\$600.5K w/c – it last sold in 1994 for \$279K) and E.L. Weeks' *A Fête Day at Bekanir – Beloochistan, Bekanir*, which this time around carried a reasonable estimate of \$150-250K, hammered at \$340K (\$420.5K w/c). In May of 2017, Christie's offered it with a \$300-\$500K estimate and it was unsold. Funny to think that with a much lower estimate, the painting landed in last year's higher estimate range ... go figure? What a difference a day makes! And one other point of interest, the Weeks last sold in 1993 for \$37K.

There were a few nice surprises. Frederic, Lord Leighton's tiny (4 x 7 inch) still life study was expected to bring \$15-\$20K and sold for \$42K (\$52.5K w/c); Carrier-Belleuse's *L'Omnibus* made \$85K (\$106K w/c – est. \$50-70K – it last sold in 1994 for \$25K) and Thaulow's small (18 x 21 inch) *A Stream in Springtime* made \$48K (\$60K w/c – est. \$25-35K). And, as with every sale, there were works that could not find a buyer, these included paintings by Beraud (sorry, but the estimate was a bit too optimistic), Pasini, Lazerges, Kruseman, Boulanger, and Hardy.

By the end of the short session, of the 61 lots offered, 43 (70.5%) found new homes, for a total take of \$5.185M (\$6.4M w/c) ... the low end of their estimate range was \$6.09M. So, they made it with the buyer's commission added in.

Digging a little deeper we find that almost 25% of the sale (15 works) came from one consignor ... Property of a Prince – these included the two Bouguereaus. Then there were the 5 paintings being sold by La Salle University which carried a combined estimate range of \$800-\$1.3M and only achieved a hammer price of \$645K (2 of the 5 works failed to find a buyer) ... I am sure they were not very happy but then again, the paintings weren't very impressive. And finally, of the 43 sold works, 16 fell below, 19 within and 8 above their estimate ranges, leaving the overall accuracy rate for the entire sale at 31.1%.

While these results were not newsworthy, they were much better than last year's sale:

Number of Lots: 87 (2017) vs. 61 (2018)
Sell-through rate: 56.8% (2017) vs. 70.5% (2018)
Accuracy rate: 13.8% (2017) vs. 31.1% (2018)
Low end of estimate range: \$7.5M (2017) vs. \$6.09M (2018)

Total take: \$5.18M hammer (2017) vs. \$5.19M (2018)
Total take with Buyer's Commissions: \$6.4M (for both sales)

So, in 2018 there were 30% fewer lots, a higher sell-through rate, a better accuracy rate, a lower overall estimate range and the same sale's total. They even made it into their estimate range once the buyer's commission was added in. These improvements are a positive sign for the 19th century market.

We always stress that people should buy works of art that they love and want to live with, and not buy art for its 'investment' potential — you never know what will happen and when you might need to sell. However, as you can see from some of the works noted above, if you hold on to your art for a protracted period ... usually in the range of 25-35 years ... odds are you will do ok. Bouguereau's *Admiration maternelle – le bain* produced a 6.72% annual return on the initial \$100,000 purchase price. His *La grande soeur* did slightly better at 6.99%. Helleu's *La Lettre* came in at 3.25%, while Carrier-Belleuse's *L'Omnibus* achieved a 6.2% annual return. One of the biggest winners was E.L. Weeks' *A Fête Day at Bekanir – Beloochistan, Bekanir* which came in at an annualized return of 10.21%.

The Old Masters

Earlier this month, Christie's held their Old Masters sale in New York and though there were a few bright spots, the sale as a whole had a decent showing but by most standards under-performed... leading up to the sale, much was made about the "Da Vinci effect" or the expected lift in Old Masters sale prices due to the exorbitant amount (\$450M to be exact) paid for *Salvator Mundi* back in November 2017. Unfortunately, the "effect" was not overtly apparent.

The lone lot that you could make a case for, and also the top lot of the evening, would be Lucas Cranach's *Portrait of John Frederick I, Elector of Saxony (1503-1554), half length*, which was only expected to bring \$1-2M. That said, I have a feeling there was another reason this work fetched such an impressive price... The work once belonged to Fritz Gutmann, an illustrious Jewish banker with a vast art collection – he acquired the work in 1922 for his home outside of Amsterdam. After the occupation of the Netherlands in 1940, the entire collection (which also included works by Botticelli, Guardi, Degas and Renoir) was stolen... many of the works were acquired directly by Adolf Hitler himself. Gutmann and his wife were brought to separate concentration camps where they were both killed... Gutmann's grandson, Simon Goodman, has been searching for his grandfather's looted objects for more than 20 years! The exact path of the work after 1940 is unknown but it resurfaced in a private US collection and Christie's was able to negotiate a confidential settlement between the current owners and the Goodman family – I have a feeling that all parties were satisfied with the result as it smashed the \$1-2M estimate and found a buyer at more than \$7.7M! On a side note, Goodman has recovered about a third of his grandfather's collection... he is still seeking more than 20 paintings, as well as hundreds of antiques, pieces of porcelain and furniture.

The lots rounding out the top 3 were on the other side of the spectrum and very much not beneficiaries of the "Da Vinci effect." In second was Sir Peter Paul Rubens' *A Satyr Holding a Basket of Grapes and Quinces with a Nymph*, which made an impressive price of \$5.7M but without the buyer's premium, the work fell short of the \$5-7M estimate. The work was purchased in 1936 by Alfred Chester Beatty, an American mining magnate, who brought it to Dublin – the work has remained in private collections since. Following in third was Jan Gossart's *The Virgin and Child*, which similarly made a good price but fell short of its estimate without the buyer's premium... the work sold for \$3.3M on a \$3-5M estimate. The same work was last offered in 2014, where it brought \$2.6M – that time, it beat it's \$2-2.5M estimate.

As a whole, the sale offered 61 works (originally 64, but 3 lots were withdrawn) and was expected to bring between \$32-50M... by the end of the evening, they successfully auctioned 46 works (75%), leaving 15 unsold – good for a total take of \$36.5M... again, a decent result but falling short without the buyer's premium.

The Orientalists

This week Sotheby's presented a small selection of 19th century Orientalist works, and the results were impressive. Taking the top spot was Edwin Lord Weeks's *Rabat (The Red Gate)* which brought £573K (\$799K – est. £200-300K). In second was Paul Joanowits' *Bashi-Bazouks Before a Gateway* at a really strong £465K (\$648K – est. £100-150K) and in third was Cesar dell'Acqua's *An Ottoman Beauty* which sailed past its £60-80K estimate to sell for £405K (\$565K). Rounding out the top five were works by Anders Zorn (£309K/\$431K – est. £300-500K) and Gérôme (£297K/\$414K – est. £200-300K ... this same painting was sold in a New York sale last November and made \$213K ... not a bad return in 5 months).

There were many other strong showings including Ralli's *Stringing Pearls* (£273K/\$380K – est. £80-120K), Girardet's *Evening Prayers* (£175K/\$244K – est. £150-200K), Bridgman's *An Interior in Biskra* (£213K/\$296K – est. £70-100K) and another Gérôme – *Arnaut Drinking* – at £163K/227K – est. £60-80K ... this same painting appeared at a sale in Germany last November and brought \$31K – talk about a really nice return on the investment!

While there were some works that failed to sell, including those by Pasini, Rousseau, Brest, Styka, and Bridgman ... they really did not have a significant impact on the final results. Of the 61 works offered, 48 sold (78.7%) and the total take was a fiery £5.18M (\$7.2M) ... their presale estimate range was £3.5M – 5.12M, so they fell comfortably in the range at the hammer and eclipsed it with the buyer's premium.

Of the 48 sold works, 15 were below, 19 within and 14 above their estimate range ... giving them an accuracy rate of 31.1% (which is not too bad given the fact that we have seen some recent sales come in well below 10%). In addition, 23% sold above their range (a strong showing) and the top 3 works combined made £1.44M, or just 28% of the sale's total – another sign of a strong, well-curated, sale with broad interest.

The Rehs Family
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