

# COMMENTS ON THE ART MARKET

## VOLUME 113

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### Ugo Giannini Exhibition

Just a quick reminder that *Omaha – An Artist's Journey; Memories of D-Day* begins on the evening of May 6<sup>th</sup> (we will be open until 8:30 pm that day). We do hope that many of our readers and fans will stop by to see these moving and sometimes graphic depictions of World War II. This exhibition will continue through June 7<sup>th</sup>.

*D-Day: H + 70*



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### The Stock Market

Well, I think we can all agree that the stock market has shown some pretty impressive returns during the month of April. As of the day I wrote this article the market was over 11,100 – on par with Gold – and oil was hovering at the \$83 mark. I did break down one morning (I was in California and still living on East Coast time) and tuned into one of the stock market channels ... but since I was working on my computer it was only background noise!

Now I am sure you are all wondering how my portfolios are doing ... wonderfully well! Overall I am up 8% and many of my favorite stocks are putting a smile on my face – Citi was at \$4.87 and I am in the **BLACK**; BofA is over \$18.5; Altria over \$21; Oracle is above \$26; McD is over \$71 and GE is close to \$19. The only stock I am not too happy about is Pfizer ... it is now in the **RED**. As they say, you cannot win them all.

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### The Art Market

Spring is in the air and you know what that means ... more art will be hitting the market. From recent reports it appears that more people are looking to art and antiques as a safe place to park some of their assets. On April

8<sup>th</sup>, an article concerning this current trend appeared on the BBC's web site ... and I quote: *Traditional art is proving popular for high-end buyers as prices in the UK arts and antiques market continue to rise, a survey has found. Oil and watercolours have performed well with works priced at more than £50,000 rising in value, surveyors say. But the survey by the Royal Institution of Chartered Surveyors found that the rise was driven by traditional, rather than contemporary, art.* I like that!

## Hong Kong

Between April 3<sup>rd</sup> and 8<sup>th</sup> Sotheby's held a series of sales in which more than 2400 items were offered (do not worry, not all of them were paintings). Before I get too far I will disclose that I did not see these sales, which spanned Contemporary Art to Wine, since they were out of my field of expertise (though I do enjoy a nice glass of wine) ... and I really had no interest in flying to Hong Kong. However, what the overall results tell us is that the Chinese market is as hot as freshly steamed rice ... and in my opinion, if it continues at this pace; these markets might be in store of a rude awakening.

Anyway, on to some highlights: The first items offered were a collection of wines from what they classified as: "A Great American Collector (Part V)" – this must be one big collection of vino! The saleroom had expected a total range of HK\$27-43M and the sale brought in HK\$49.3m (\$6.3M) with a sell-through rate of 100%. Now what is even more interesting is that this was the 5<sup>th</sup> sale from this collection: Part I took place in New York during March 2009 and totaled \$2.2M; in addition, it was not a sell-out. Part II took place in April 2009 and was held in Hong Kong – this sale garnered \$6.4M and was 100% sold. So you know what, Parts III, IV and V took place in Hong Kong ... and all posted 100% sell-through rates; guess the Chinese really like their wine. In all, the 5 sales brought in HK\$208.2M or \$26.7M. And in case you are wondering what some of these bottles sold for -- 12 bottles of Château Pétrus – HK\$387,200 (\$49,641); 12 bottles of Château Latour 1982 HK\$338,800 (\$43,435) and 12 bottles of Château Pétrus 1998 HK\$290,400 (\$37,230) – and I thought \$500 for a case of wine was expensive!

In addition, there were a number of art sales; these included Modern and Contemporary Southeast Asian Paintings - during which Lee Man Fong's *Bali Life*, from the 1960s, sold for HK\$25.2M (\$3.24M); 20<sup>th</sup> Century Chinese Art - where Zao Wou-Ki's *4.4.1959* sold for HK\$20.8M (\$2.67M); Fine Chinese Painting – where Fu Baoshi's *Chess Playing* (1943) sold for HK\$38.74M (\$4.96M); as well as sales of Contemporary Asian art, watches, jewelry, jewels, jadeite and ceramics. When the buffet was over more than HK\$1.99B (\$256M) worth of items were sold. I am only sorry that I do not have the sell-through rates from these sales.

Now you might be wondering: where are the results from their competitor? Well thankfully, their set of sales will take place at the end of May ... giving that market a chance to recover from all the material that was just sold.

I do want to add that while I know there are 1.3 billion people in China, at some point the amount of product being placed on the market will outstrip the number of buyers ... so please do not forget our recent history lesson: too much product will over saturate the market and then comes the correction ... and that is never pretty!

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

April has always been 19<sup>th</sup> century month in NYC and now that Christie's merged its departments we only have one major saleroom offering a strictly 19<sup>th</sup> century painting sale ... which may be better for the market since it will keep the number of works being offered at public sale in check.

Before I get started with the Sotheby's sale I will discuss the Bonham's sale of Old Master and 19<sup>th</sup> century paintings. In the past these sales took place in California; but since Christie's abandoned the independent 19<sup>th</sup> century market, Bonham's is trying to fill the void – the key word here is 'trying'. The majority of the paintings offered fell into the middle and lower ranges; 180 of the works were estimated in the \$2K- \$10K range and 87 in the \$10K - \$30K range ... so of the 294 lots offered, 267 (91%) were mid to lower range works. In addition, the only painting carrying an estimate in excess of \$100,000 was a very grey Boudin (\$100K - \$150K) ... makes it hard to compete with Sotheby's whose top lot, a Bouguereau, carried a \$1.8M - \$2.2M estimate. However, it was nice to see that the general offerings in this sale were a definite improvement over their last sale.

During the Bonham's sale only two lots broke into the six-figures --- Eugene Boudin's somewhat lackluster *Bateaux sur la meuse* at \$134,000 and Bellei's *In the Theatre* at \$107,360 ... the latter estimated at \$25K - \$35K. Third place was taken by Adrien Moreau's *Concert d'amateurs...* at \$70,150 (est. \$20K-\$30K); fourth was picked up by Adolf Schreyer's *The Raid* at \$54,900 (est. \$50K-\$70K) and in fifth there was a tie: a small study by Munkacsy and a work attributed to Bernardino Mei (Old Master) each made \$48,800 (both carrying \$25K - \$35K estimates).

Among their most notable failures were Arthur Wardle's *After the Ball*, Munier's *A Young Boy Holding a Branch of Berries* and Thaulow's *A Stream Through a Village* ... all of which were among the sales most highly estimated offerings and all failed to find buyers.

And now for the final results: The first part of the sale consisted of 42 Old Masters. Of those, 25 sold and 17 were bought-in for a sell-through rate of 59.5% and a total of \$265,289. Next came 250 19<sup>th</sup> century works of which 163 sold (65.2% sell-through rate) and a total of \$2,086,183. When added together, the sale saw 188 of the 292 works sell (64% sell-through rate) and a grand total of \$2.35M. Not bad for a sale that was made up of what can generally be described as 'Select' and 'Standard' cuts of beef ... the real meat came two days later, at Sotheby's.

When the Sotheby's catalog arrived the first thing that struck me was the fact that there were only 116 lots (lean and somewhat mean); and of those, 21 (18%) were Orientalist (7 paintings and 14 sculptures). In addition, there were a number of familiar works (recently on the market – some at smaller sales and other with dealers) and a cross section of mid-range to higher-range paintings (no lower end works ... those priced under \$10K) . When compared to the Bonham's sale, most of the offerings fell into the 'Choice' and "Prime' cuts of beef (good meat) – making it much easier for them to hopefully report higher dollar figures.

Among the more impressive works, at least from the catalog illustrations, were paintings by Vibert, Ernst, Lewis, Bouguereau, Munier, Boldini, Godward, Corot, Beraud, Kaufmann, de Dreux, Munnings and Dawson; but the first test was going to be how the paintings looked in person. Additionally, there were a few works by Knight and Dupré in the sale, but I had already seen them and knew what to expect.

After viewing the sale I can report that some of the 'star' lots held up to their images ... among those were the Vibert, Ernst, Lewis, Munier, Courbet, Bouguereau, Boldini, Godward, Kaufmann, de Dreux and Munnings. I was a bit disappointed with the Corots (just too dark or condition problems), Beraud (areas of pigment separation) and Courbet (rather disappointing). As for the Dupré and Knight paintings, the main themes here were condition and/or quality.

Then came the real test, sale day; and as one would expect, the cream rose to the top. Taking top honors was Mr. Bouguereau whose *L'Amour et Psychè* was estimated at \$1.8M - \$2.2M and brought \$2.2M (about equal to what all 188 sold lots brought at the Bonham's sale); in a close second was J.F. Lewis's *A Frank Encampment in the Desert of Mount Sinai* at \$1.87M (est. \$1M - \$1.5M); in a distant third was another Bouguereau – *Amour à l'affût* – at \$794,500 (\$600 - \$800,000 est.); while fourth and fifth places were taken by Godward's *Dolce far Niente* (\$745,500 with a \$500 - \$700,000 est.) and Courbet's *Femme Endormie* (\$710,000 with a \$700 - \$900,000 est.).

Among my other favorites were the Vibert (\$68,500); Ernst (\$482,500); Elizabeth Bouguereau (\$494,500); Boldini (\$482,500); Kaufmann (\$278,500); de Dreux (\$602,500) and Munnings (\$578,500). I was not surprised that the Beraud, large Corot and Knights did not find buyers; while I was shocked that the Raffaëlli, Dupré and smaller Corots found takers.

In the end, of the 115 works offered (1 was withdrawn), 73 sold and 42 were bought-in for a sell-through rate of 63.5% (close to Bonham's) and a total take of \$13.3M (more than 5 ½ times Bonham's total) . It is also interesting to note that the low end of their estimate range was about \$12.9M ... so it took the addition of the buyer's premium to top that.

The 2010 results were much stronger than the corresponding 2009 sale in which 116 works were also offered, the sell-through rate was a dismal 42%, and the total take only reached \$10.8M (low end of the estimate range was in excess of \$14M). Better times are ahead!

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## Tales from the Dark Side

I have received many comments on this topic in the past so I thought I would add a few more new and updated stories about those in the art world that chose the 'dark side'.

**Kristine Eubanks** - The Associated Press reported that Kristine Eubanks, 52, who *sold \$20 million in phony artwork she claimed was by Picasso, Dali and Chagall to thousands of people through a semiweekly televised auction has been sentenced to seven years in federal prison.*

*Eubanks pleaded guilty in 2007 to conspiracy and tax evasion and was sentenced earlier this month. She and her husband, Gerald Sullivan (who will be sentenced in May), conducted an art auction show twice a week on DirecTV and The Dish Network from 2002 to 2006.*

*The couple ran Fine Art Treasures Gallery, which sold fake and forged lithographs, prints and paintings purportedly found at estate liquidations around the world to more than 10,000 victims, U.S. attorney's spokesman Thom Mrozek said.*

*Eubanks forged "certificates of authenticity" for some pieces and provided fake appraisals for jewelry pieces, Mrozek said. The couple also drove up the prices by having fake bids announced on-air.*

Like I always say ... believe very little of what you see on TV; most of it is just a bunch of you-know-what.

**Berry-Hill** - earlier this month the WSJ reported that: *representatives of a lender seized artworks from Berry-Hill Galleries, a well-known American art specialist on Manhattan's Upper East Side, after a judge found the gallery had defaulted on a debt of \$9.5 million.*

*In an interview [that week], the Berry-Hill gallery's chairman, James Berry Hill, denied that the works were being repossessed.*

*As workers from Cirkers Fine Art Storage & Logistics removed the art from his gallery, Mr. Hill said: "We're sending stuff to our warehouse" to make way for a new one-person show. When asked whether the artwork was being seized by the bank, Mr. Hill replied: "The word 'seized' is not a word I would use," adding that he found the term "draconian."*

*"We just had a meeting. We are negotiating to get this resolved," Mr. Hill said. He described the meeting as amicable, and added, "We are negotiating to pay the bank in full."*

David Hewett, in his article in the Maine Antique Digest, noted that *...the judge had no mercy for what she saw as a clear-cut case of defaulting on a loan agreement.* He also noted that *...to add insult to injury, on April 1 the attorneys for Berry-Hill Galleries filed a motion that they be allowed to withdraw as counsel for the firm because they had not been paid... .*

Humm... so I guess that even though Mr. Berry Hill sees it differently, it appears that the works were actually SEIZED! Check Volume 101 for more on this story.

**Larry Salander** – we covered this dealer's fall from grace in Volume 101 of our newsletter, but in the May issue of MAD, David Hewitt added some interesting info. On March 18 Larry Salander pleaded guilty to 29 criminal counts in a plea bargain that will see him facing a six- to 18 year prison sentence. ... The Salander-O'Reilly Claims Registry, as of March 12, 2010, reveals that a total of \$317,535,653.86 (yes, that is over \$317.5 million) in losses have been registered by the 423 claims filed so far.

In 2003 the Robb Report named Salander-O'Reilly the Best in the World ... what a fall from grace that was!

**Cyr Auction Gallery** – as reported in Antiques and The Arts Weekly, filed for bankruptcy protection in March. Creditors are many and some charge that for several years it appears Cyr was operating a Ponzie scheme. What I did find most interesting is that Maine has no lifetime ban on auctioneers reentering the business ... so we may see this individual back at the podium at some point in the future!

**Park West Gallery** - Fine Art Registry began presentation of its case against Park West Gallery after the Michigan art gallery spent three weeks presenting its case, claiming defamation, etc. The case is clearly a classic SLAPP (Strategic Litigation Against Public Participation) lawsuit by the world's self-proclaimed "largest art gallery" against web-based company, Fine Art Registry, which has been outspoken in its criticism of the Michigan gallery's sale of inauthentic and vastly overpriced art at "auctions" primarily aboard cruise ships, and has provided advocacy and other assistance to victims of Park West Gallery's broadly questioned art and sales practices.

Park West Gallery claims that Fine Art Registry has harmed its sales and reputation by publishing reports about its art and its sales methods and by assisting individuals who were unable to obtain assistance from Park West's customer services department. Fine Art Registry claims that Park West Gallery's reputation was already so low before Fine Art Registry ever began any reports of its activities that its reputation could not be further damaged; that the reports have all been factual and truthful; that a Park West Gallery principal specifically gave permission for Fine Art Registry to continue to publish similar reports and help dissatisfied Park West customers; and that all reports and assistance have been provided only in the public interest.

I originally covered Park West's problem in Volume 101.

And now, just so you do not think that the 'dark side' only lives in the US, here is one from across the pond.

**Andrew Parkinson** – pleaded guilty to 23 counts of theft, one count of participating in fraudulent business carried out by a sole trader, and one count of fraud at Taunton Crown Court in Somerset. Parkinson, 49, used his gallery to broker sales of original works by artists including Damien Hirst, Rolf Harris and Jack Vettriano. But in many cases he would take prints or paintings from customers on the pretense of arranging their sale – but fail to sell or return them. He would also sell the same piece of artwork to several clients but fail to deliver it to any of them.

Parkinson is said to have swindled wealthy clients out of hundreds of thousands of pounds and is now facing jail time after admitting theft and fraud.

Howard L. Rehs

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**Gallery Updates:** We will be participating in The Merchandise Mart International Antiques Fair, Chicago, IL from April 30 – May 3. In addition, Rehs Contemporary Galleries, Inc. will now be representing the works of Bart Walter.

**Web Site Updates:** Works by the following artists made their way through the gallery: Eugene Girardet, Galien Laloue, Antoine Blanchard, Swatland, Harris and Banks. Below we are featuring a number of the Bart Walter works we now have on display at the gallery:

*Resting Lion*  
15 ½ x 6 ¾ x 4 inches  
Bronze

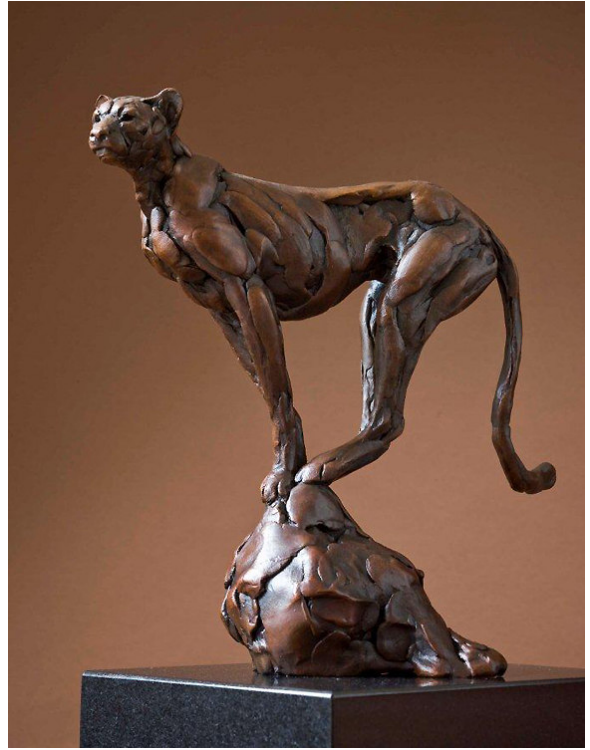




*Massai Warrior Study*  
7 x 7 ¾ x 15 inches  
Bronze



*Vantage Point (Cheetah)*  
13 x 7 x 11 inches  
Bronze



**Next Month:** A lot more market coverage.