

COMMENTS ON THE ART MARKET

VOLUME 129

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All Our Best

We just want to wish all of you a very happy holiday weekend; and for those who are still trying to recover from the wrath of Mother Nature our thoughts are with you.

The Stock Market

WOW ... by the 11th (the day I started writing this article) I had to call my doctor for a refill --- I ran out of my motion sickness pills! What is going on? Are we back to those wild days of just a few years ago, when the market's wild ups and downs made Kingda Ka (one of the largest, steepest and fastest roller coasters) look as scary as Disney's It's a Small World. I really hope not! The only people making money in this market are those who make the big trades ... us small people are just the pee-ons (hope you got that).

This month showed, once again, that Wall Street is no longer a place for rational people to invest their money for the future and a comfortable retirement ... it is just one GIANT CASINO and if you want to really make money, you have to roll big and bet big --- then hopefully you can get out before a correction comes; and they do come real fast and without much warning. I know that the Monday morning quarterbacks will all be telling us that the writing was on the wall ... but where is that wall? I keep looking and cannot find it!

I do not know about you, but my portfolio (if I can call it that) is hemorrhaging and I have covered it with all sorts of bandages in an attempt to stop all the "green" from spilling out. Now I do have to say that on the morning of the 10th I did put my feet back in the water and bought more PDC (I initially bought it at \$15 and added more that day at \$11.66). By the end of that day the market was up over 400 points and PDC was over \$12.30 ... that was a good move! At least I thought so until the 11th, when the market dropped over 500 points ... but PDC closed at \$11.74 (so I was still looking good). However, by the 19th the market was heading even lower and PDC closed at \$11.19 – more red! But by the 30th the market was improving and PDC was closing in on \$13!

I know they say that you cannot time the market and nobody buys at the lowest point and sells at the highest. However, we all know that is a bunch of bull ... some people do – just not me! Oh, I also bought more Citi (at \$30.41 – still dollar averaging) and some JPM (at \$36).

For the rest of this story, please visit the Newsletter Archive on our web site.

Trusting the Seller

I was asked to comment on this topic almost two years ago and have been thinking about it ever since. Bob, the individual who posed the topic, is a very good friend and client of ours. After seeing us at a show he sent an email asking the following: How do people who go to shows know who to trust? How can someone really believe that what a dealer is telling them is, in fact, the truth? Does someone actually walk into a show and just buy what they see? How does someone do their due diligence?

Before I get to the questions, let's quickly cover "a show". Large Art and/or Antique shows are, at this point, one of the main games in town and they have their pluses and minuses. Their most positive aspects are: they create a central location where dealers can meet thousands of people in the span of just 3 or 4 days and visitors can see and compare the offerings of a number of dealers in one location. Their main negatives are: only a selection of a dealer's inventory will be displayed, they last for only a few days and, most importantly, some shows can give credibility to dealers who do not deserve it.

So, you decide to visit a show ... now what?

First, it is important to understand that shows come in all shapes and sizes. Some cater to the top level dealers and normally the works shown will be more expensive; however, there is usually a good reason for that. Typically (but not always) these works are the cream of the crop ... those done during the prime period of an artist, in great condition and of superb quality. Others shows cater to a wider range of dealers and the items on display can range from the very expensive to the easily affordable. Finally, there are low end shows (more like flea markets) -- where you have to dig through items stacked one in front, or on top, of another (which can be fun and often a little dusty).

For our purposes, let's stick to the middle and high level shows. For the visitor, the best part of a show is that you get a chance to meet the dealers and ask questions ... remember that there are no 'dumb' questions – well, I do have a list of about 30 questions and comments that would fall into the 'dumb/annoying' category (see volumes 112, 114 & 118). This is your opportunity to start building

personal relationships with those dealers you feel know what they are doing. If you are lucky enough to live in an area that supports these shows, and you are interested in buying art and antiques, I would suggest that you attend. These shows will also give you a chance to see how different dealers present their works and how a particular piece stacks up against the other works in the dealer's booth, or against a competitor's work – which can often be very enlightening.

While walking the show floor, the first thing you will notice is a dealer's overall presentation. If a booth looks pretty sloppy (no order to the hanging, broken frames, unrestored works, etc.) you generally find the works to be a mixed bag ... many of which fall into the 'decorative' category. When I see booths like that, my first thought is that the dealer is more of a merchant and not a real expert. Now, that is not to say you cannot find a gem buried somewhere, or that the dealer does not 'know their stuff'; but normally the first impression is the right one. I believe that dealers who present a clean, neat, space with an attractive arrangement tend to appreciate the works they are offering and typically have more knowledge about them. In addition, the works should be properly labeled with the artist's name, title, size, etc. and if the prices are not posted, then a list should be easily accessible ... not hidden in a draw or in the dealer's pocket; you want to be sure that the price you are being quoted is the same other people are.

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The Purloined Cortès

Here is a final, related, story which took place at the recent show we attended.

On August 7th I received an email from a woman in California informing us that someone broke into her home and stole a number of items; among them was an Edouard Cortès. I wrote back and thanked her for the information and told her that without some sort of image, there was little anyone could do. On the 19th she sent a blurry photo of the work – but it was enough to see the subject matter ... a view of Place de la République. I thanked her and said I would let her know if it came our way.

On August 24th, after setting up our booth in Baltimore, I started to walk the show floor to see what else was on display. As I passed another dealer's booth I paused and looked at a large, early, Cortès that was on display. The dealer walked up to me and asked what I thought ... my response was: "I think that is a stolen painting". He assured me it could not be and that he recently purchased the work from a dealer in California. My reply: "I was just contacted by an individual in California and was informed that a Cortès and Tiffany lamp were taken from their home ... they even included photos." I told the dealer I would go back to my booth and check my emails to be certain; sure enough, it was the same painting.

The dealer came to my booth and was shocked ... but very thankful that I brought the matter to his attention. He, in turn, contacted the individual he bought the painting from and told them about the situation. The owner of the painting was informed about the recovery of the work and she called the detective in LA ... who then called me.

Two days later the painting was returned to the owner and the police were hot on the trail of the individual who stole the work ... I have yet to hear if the thief was apprehended.

As of now, the dealer who had the painting in his booth is out the money he spent ... and he will have to try to recover the funds from the dealer he bought it from (who, I have been told, does not have it anymore).

The most important lesson to be learned from this story is that if a work of art is stolen from you, not only do you contact local law enforcement, but contact the dealers who handle the artist's works. More than likely, the thief is going to try to get rid of the work ASAP and one of those dealers might be offered the piece.

It is also interesting to note that had I not been at this show, the painting would have been offered for sale and may have even sold to an unsuspecting buyer. The title issue with the painting may have not surfaced until many years later ... when the potential new owner tried to sell the work and it was flagged; at that point, they would be out the money rather than the dealer.

Now I am sure you are wondering: how can you protect yourself from this? The answer is it is very hard to. What you can do is try to buy from dealers who have a great reputation in the business, have been around for a long time and guarantee everything they sell. Should a problem ever arise in the future, odds are those dealers/galleries will still be in business and will stand behind the works they sold. In other words, you will get your money back and they will have to deal with the legal issues.

Howard L. Rehs
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Gallery Updates: There is still some good news for us ... for the month of September we are open Monday – Thursday and all other times by appointment.

Web Site Updates: Works by the following artists have made their way through the gallery: Joan Miro, Jules Worms, Rico y Ortega, Cortès and Bart Walter. And look for new works by Cortès, Blanchard, Jules Dupré, Julien Dupré, Emile van Marcke and Greg Harris that have been, or will be, added to the web site.

Next Month: We shall see.