

# COMMENTS ON THE ART MARKET

## VOLUME 214

---

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

### Regular Hours Return

Fall has finally arrived and so have our regular gallery hours.

We will now be open:

Monday - Friday, 10:00 AM - 5:30 PM

All other times by appointment

---



### Upcoming Exhibitions

## The Modern Muse

#### Opening Night Preview

October 26th: 6:00 - 9:00 pm

#### Opening Day

October 27th: 1:00 - 5:00 pm

#### General Show Hours (through November 16th)

Monday - Friday 10:30 AM - 5:30 PM

*“There is also a third kind of madness, which is possession by the Muses, enters into a delicate and virgin soul, and there inspiring frenzy, awakens lyrical.... But he, who, not being inspired and having no touch of madness in his soul, comes to the door and thinks he will get into the temple by the help of art--he, I say, and his poetry are not admitted; the sane man is nowhere at all when he enters into rivalry with the madman.”*

- Excerpt from Phaedrus by Plato

The notion of the muse, originating in ancient Greece, stems from the mythological group of sister goddesses said to inspire literature, science and the arts – they were fittingly known as, The Muses. The muse has persisted through centuries, arousing some of the finest artistic and literary works. The same concept still holds true in a contemporary setting as we now define the muse, in the simplest of understandings, to be a source of inspiration (generally in relation to the arts). The Modern Muse explores how the traditional notion of the muse is invoked by a diverse and eclectic group of contemporary artists and the ways their inspiration manifests itself in their work.

Regardless of what it is about the muse that inspires, it is clear they play a fundamental role in the creation of art; almost as necessary as the paint on a brush. The muse, the artist's obsession, is disassembled and studied, exposed and presented, admired and revered – inspiring madness in us.



## Texas Contemporary

The gallery will be participating in the upcoming Texas Contemporary show which opens next week at the George R. Brown Convention Center in Houston, Texas.

Along with an outstanding selection from our contemporary roster, we will also have on display a small selection of historic works: Vlaminck, Moret, Cortes, Berthelsen, and Blanchard.

### Opening Night Gala

October 4th from 6:00 - 10:00 pm

### Regular Show Hours

October 5th - 11:00 - 7:00  
October 6th - 11:00 - 7:00 pm  
October 7th - 12:00 - 6:00 pm

We still have some complimentary VIP tickets. If you would like to attend the opening, please email us.

---

## Stocks & Crypto

By: Howard

We are now one month closer to the end of the year and the market has been holding in the 26,000 range. We opened the month at 25,964, got to a high of 26,743 (on the 21<sup>st</sup>), and closed out at 26,458 ... a gain of almost 490 points. Another positive month! The Euro and Pound held steady \$1.16 and \$1.30 respectively; Crude gained and closed at \$73.48, and Gold keeps dropping - \$1,195.70 (down another \$11.20).

As for the ever volatile crypto-currency market: Bitcoin went for a wild ride and finally closed at \$6,675 - a loss of \$526. Ethereum lost another \$78.38 to close at \$222.24. Litecoin lost \$6.01, closing at \$61.70, and Ripple rose to \$.54 ... gaining \$.19 – What? How? Why?

With another up month for the DOW, I was looking for good results from my favorites. JP Morgan (\$112.83 – down \$1.75), Exxon (\$85.01 – up \$4.84), AT&T (\$33.59 – up \$1.65), Verizon (\$53.38 – down \$.99), Wal-Mart (\$93.93 – down \$1.93), Coke (\$46.19 – up \$1.62), DowDuPont (\$64.30 – down \$5.83), Merck (\$70.93 – up \$2.34), Disney (\$116.93 – up \$4.60), Intel (\$47.29 – down \$1.14), Apple (\$225.74 – down \$1.89 – I am guessing that the new iPhone will have a positive effect on the stock for October – fingers crossed), Microsoft (\$114.37 – up \$2.04), United Technologies (\$139.80 – up \$8.10), and then Google (\$1,193.47 – down \$24.72 - ouch).

The ups vs downs were exactly like last month ... 8 up and 6 down; however, the loss in Google was not very helpful!

---

## **Tales from the Dark Side**

By: Alyssa

### **University Scammed Out of \$19,000 in Fake Acquisitions**

Former Emory University employee Travis Myers and a non-Emory-affiliated friend, Maicah Hendrix, have been arrested and charged with theft and forgery. According to the school newspaper, The Emory Wheel, officials at the Michael C. Carlos Museum contacted local police when they noticed six suspicious paid invoices to an unrecognized vendor, Masterpiece Art Acquisitions in Atlanta. The art acquisitions ranged from \$250 to \$4050 each and were paid through an account that is not regularly monitored by museum officials. After investigating, the Museum connected Travis Myers, an accounting manager at the museum since 2011, with the crime. If found guilty, Myers and Hendrix face up to 25 years in prison.

### **Gotta Love Creative Accounting ... Except When You Get Caught**

It was revealed that art dealer Mary Boone pled guilty to falsifying her 2011 tax return to the tune of \$1.6M! In 2011, Boone reported a business loss of over \$52K when, in fact, there was a \$3.7M profit. Similar discrepancies appeared in her 2009 and 2010 returns. It seems that she needed money to renovate her NYC apartment and decided to write off the personal expenses as tax-deductible business expenses. Talk about creative accounting.

Now that the IRS caught her, it will cost Boone big ... \$3.1M ... and her sentencing is scheduled for January 18, 2019 (she faces a maximum of 3 years for each of the two counts she pled guilty to).

In case her name sounds familiar, you might remember that last November she was involved in a lawsuit with Alec Baldwin over a Ross Bleckner painting. Boone lost that one as well. Like they say, leopards never change their spots.

---

## **How To Safely Navigate The Art Market**

By: Howard

Over the next year, we will revisit some of the things we feel are important for people to consider when looking to buy a work of art – condition, size, title, value, price, etc. (topics from many of my very first newsletters). We will call this feature: How To Safely Navigate The Art Market.

Our first topic (originally discussed back in 2001 and revised in 2008):

### **Authenticity**

In this day and age, authenticity is a very important concern for everyone involved in the art market. One question we hear from time to time is – how do I know that the painting I am considering is real, or by the artist in question? The plain truth is that unless you are considered a true expert in an artist's work, or the period of art, you cannot be sure. The general art buyer needs to rely on the advice of a reputable art dealer or gallery... one who has a broad base of knowledge of the period, has done their due diligence on the specific work, will stand behind every work they sell, and guarantee its authenticity on their invoice.

I am sure your next question is – isn't a gallery's Certificate of Authenticity (COA) enough? Well, that all depends. If the gallery in question represents the artist (or their estate), then their COA is most likely valid and an important document you want for your records. However, a general COA for historical works is usually not enough, and many times they are not even worth the paper they are printed on. I cannot tell you how many times people come to us with very official COAs (elaborate documents with signatures and all sorts of stamps and embossed seals) for a painting that is not authentic. Again, be sure that the gallery's invoice clearly states that they guarantee the work listed on the invoice to be by the artist they are selling. Make sure that the artist's name is clearly spelled out. For example – if you are buying an Antoine Blanchard or Julien Dupré, make sure the invoice states Antoine Blanchard (1910-1988) or Julien Dupré (1851-1910) and not something like A. Blanchard, J. Dupré or just Dupré – as there were other artists with the same last names.

Remember, just because a work has a signature on it, does not mean it is by that artist. Over the years we have come across many works by Antoine Blanchard that have an Edouard Cortes signature on them. I know – how can that be? During the early 1960s, Blanchard's style had a striking similarity to Cortes's work. In addition, Cortes' paintings

were about twice as expensive. So, unscrupulous dealers would take the Blanchard signature off and add the Cortes name – allowing them to charge more. Back then, most people were buying these works as a souvenir of their trip to Paris and gave little thought to any future value. Now, almost 60 years later, some people are not very happy to learn that their prized Cortes painting is actually an early Blanchard, which now does not even have a signature.

You should also find out if there is a recognized ‘expert’ for an artist (one that everyone in the art world looks to for an opinion) and make sure that the work you are considering has been seen and authenticated by that individual. There are plenty of people in the art world who claim to be an expert but claiming to be and truly being are two different things.

We see hundreds of ‘fake’ paintings hit the market each year and many of them end up selling. A majority move through the market in smaller auction rooms, but there are times when even the big boys get scammed. Even dealers who handle works out of their comfort zone end up getting taken. Some of these fakes were created to fool a buyer, others were done to satisfy the market’s need (I will touch on this next), and then there are those done by artists who copied a painting to study an artist’s style or technique. As a buyer, you want to make sure that you are not one of the unlucky collectors who ends up with a bad painting. This could, and most likely will, be a very costly mistake.

I brought up satisfying the market’s need. A great example of this is the work of Marcel Masson (Antoine Blanchard). Masson was a French artist who, in the late 1950s, began painting street scenes of Paris and signing them Antoine Blanchard. It appears that his paintings became so popular that he could not keep up with the demand. Since demand outstripped supply, some dealers decided that they could fill the void by hiring other artists to paint scenes of Paris and sign them Antoine Blanchard. We even know of one dealer who represented Marcel Masson, but also sold works by some of the other ‘Antoine Blanchard’ artists. Now you might say that this sounds very deceptive ... and looking back, you are probably right. However, what you need to keep in mind is that Marcel Masson did not own the name Antoine Blanchard (it was a pseudonym) so there was nothing to stop another artist from using the name. Also, at that time, nobody considered them an investment -- people were not concerned with their future value. They just wanted a memory of their trip to Europe.

Another thing to keep in mind is if a deal seems too good to be true, there is probably something wrong. Works of art have a market value and when someone offers you a painting by an artist for \$10,000 and his work usually sells for \$100,000 – watch out! I am not to saying that you cannot find a bargain or hidden treasure, but 99 times out of 100 there is a reason why the painting is so cheap. Let’s face it, if the painting is really worth so much more, why wouldn’t the seller want the extra money?

Like we always say - do your homework. Check out the dealers who are considered experts by their peers and build a relationship with them. A good, trusting, relationship will go a long way in protecting you, your money and your heirs.

Below is a list of a few things that should raise a **red flag** (this goes for dealers and auction rooms):

The seller’s invoice does not offer a guarantee.

The invoice does not state the full name along with the birth and, when appropriate, death dates for the artist.

The seller knocks the idea that the opinion of the expert is needed.

The seller claims to be ‘an expert’ (sometimes this is true, but that is very easy to determine).

The seller presents you with their own ‘certificate of authenticity’ (sometimes these are fine, however most of the time they are not).

The seller is offering you a work this is far below its market value.

---

**Really!**

By: Amy

The past month seemed to be a bit slower for the collectibles market, but I did manage to find a few treasures. The rarest and most valuable nickel appeared on the market and sold, again! The Eliasberg 1913 Liberty Head Nickel (named after Louis E. Eliasberg - a collector who purchased it in 1948 and amassed one of the greatest coin collections of all time) is one of only five produced. Of the other four, two are in private collections, and two are in museums - the Smithsonian and the American Numismatic Association Museum. None of them are graded as high as the Eliasberg. This nickel was estimated to make \$3-5M and sold for \$4.5M to Legend Numismatics. You might think that was an outstanding price for a nickel, but I bet the consignor was a bit disappointed - here’s why. The coin has

traded hands several times: in May 1996 a dealer bought it for \$1.49M, in March 2001 it sold for \$1.84M, and in May 2005 it changed hands again when Legend Numismatics bought it for \$4.150M. The last recorded sale was to a private collector in 2007 for \$5M! Ok, so everyone has made a little money along the way – till now!

Another rare coin, one that should be a national treasure, and part of the Smithsonian's collection, is the one-of-a-kind 1792 \$10 Washington President gold eagle coin. This is the earliest gold coin submitted for consideration to be minted as a United States coin. Legend has it that George Washington refused to let the first official United States currency depict his image (he did not want to appear to be a monarch) - you know the country was a young democracy and Washington did not want anyone to think otherwise. By the way, Washington kept the coin as a memento. The coin had been traded privately for most of its existence, and the last known transaction was to Eric P. Newman (a prominent collector) in 1942. Since then the coin remained in his collection, until it recently went up for auction (Newman passed away in 2017 at the age of 106). The coin sold for \$1.74M and all the proceeds will benefit various charities. Much of Newman's collection has come up for sale since his death and has garnered about \$79M, all of which has gone to charities.

I am sure that Indiana Jones, one of the most iconic movie characters, would have loved to search for a treasure of rare coins, but why bother when it turns out that some of his items are worth a small fortune. Recently, the fedora Harrison Ford wore in *Raiders of the Lost Ark*, (one of my favorites) came up for sale. It was one of the highlights of the auction, and it climbed passed the £2-300K estimate and made £394K/\$520K (with the commission). Do you think the new owner is a big Indiana Jones fan or just needed a new hat for their next adventure?

---

## The Art Market

By: Howard

This month we had a few teaser sales in London ... you know, a little bit of this, and a little bit of that ... no blockbuster paintings generating headline grabbing results. The real action will begin in late October and run through early December. From what we have seen so far, there will be some major works hitting the market and it will be interesting to see the results.

### Bonhams - 19th Century European, Victorian & British Impressionist

There was another warm-up sale in London – this one at Bonhams. As you can tell by the title, it covered a wide range of styles and periods... a good indication that the salerooms are having trouble prying loose enough works to create sales devoted to specific periods.

Taking the top spot was a nice looking Godward from 1907 titled *Dolce far niente* which carried a £200-300K estimate and hammered down at £200K/\$263K (£249K/\$327K with commission). In second was a pretty little Lord Leighton that made £100K/\$132K (£125/\$164K with commission – est. £100-150K) and coming in third was a small Grimshaw landscape that beat its £40-60K estimate when it hammered down at £70K/\$92K (£88K/\$115K with commission). Rounding out the top five were van Blaas' *At the Window* which made £60K hammer (£75K/\$99K with commission) and William Blake Richmond's *The Watchers*, which surpassed its £15-20K est. --- selling for £58K/\$76K (£73K/\$95K with commission).

Sadly, there were no blockbuster works and a few of the pricier pieces failed to sell – these included paintings by Moreau (way over-estimated at £40-60K), Trouillebert (not one of the more attractive models – £40-60K), Clausen (do you really want to look at the rear end of a horse - £40-60K) and Seago (too dark - £25-35K).

Of the 127 works in the catalog 81 sold, 45 were bought-in, and one was withdrawn, generating a sell-through rate of about 63.5% and a total take of £1.62M (\$1.99M/\$2.62M with commissions). The lower end of their presale estimate was £1.93M, so it took the addition of the buyer's premiums to make it.

Digging deeper we find that of the 126 works that were offered, 18 sold below, 39 within and 23 above their estimate range. This gave them an accuracy rate of 31%, which is better than most.

### Not Exactly a Pot of Gold - Irish Art (Sotheby's London)

There wasn't much auction action in the month of September, but Sotheby's did host a rather eclectic Irish Art sale over in London a few weeks back. Let's see what changed hands...

Works in the sale ran the gamut, ranging from 19<sup>th</sup> Century realist works, to mid-century Impressionist and Modern works, all the way through Contemporary with one work being completed as recently as this year! There were sculptures, paintings, and drawings... sketches and studies; to be honest, it was a bit all over the place... and we're only talking about 77 lots, so not a lot of any one thing. All that said, let's get into the numbers.

The top lot here was the catalog cover-piece, Jack B Yeats' *Sunday Evening in September*. The work, painted in 1949, was accompanied with provenance dating back to the artist, where it was first sold through British dealer Victor Waddington. The work has remained in a private London collection since 1999, when it was acquired by the present owner for £265K (at that time, it was estimated at £120-160K). This time around, the work was expected to bring £300-500K and found a buyer at £395K... at an annual rate of return of just over 2%, the owner would have done better betting on the DOW but hey, they got to live with this beauty for nearly 20 years!

In second was *PAX* by John Luke, widely regarded as one of the most exquisitely beautiful paintings of his entire body of work and said to be a turning point for the artist. In a letter written by the artist himself in 1944, Luke describes this work as "*bright and luminous, yet rich and colourful. Very precise yet soft. Firm but yet gentle. Smooth yet lively. Broad yet detailed... It is Gloriously, Brilliant Technicolor. It's Stupendous. It's COLOSSAL! But it is only 15x11.*" Sounds like someone was a big fan of his own work - hah. The work was acquired in 1995 for just £65K (\$102K – est. £35-50K) and this time around, it went for £225K (\$292K – est. £80-120K)... that's roughly a 5.5% annual rate of return – better but still not great.

Rounding out the top three was a tie... another work by Yeats and one by Gerard Dillon. The Yeats, titled *Early Sunshine*, was expected to bring between £120-180K whereas the Dillon was expected to bring just £60-80K. This Yeats was fresh to the market and never previously offered at auction. The Dillon, on the other hand, last surfaced in London in 1999 where it went for £79K (\$128K – est. £30-50K)... Both the Yeats and Dillon found buyers at £212K - the Dillon yielded a 5.25% annual rate of return.

At the end of it all, 52 of the 77 (68%) found buyers – so roughly 1/3 of the material offered failed to sell. The total take was just over £2.68M... with the lower end of the estimate range at £2.02M, they made their number with the help of a few well performing lots (typical for this type of sale). From the looks of it, I can't imagine your financial advisor pitching you on parking your money in Irish Art, but as we always say... you should buy what you love and who knows what will happen over the next 20 year

### **Art, New Taxes & Market Opacity**

Scott Reyburn touches on a number of interesting topics in his New York Times article. First, there is a growing belief that art is a great alternative asset. While most historically important art will achieve some level of price appreciation, the timeframe for that to happen can vary wildly ... from just a few years to decades. The art market is also very cyclical, and all styles and periods of art go in and out of fashion. If you are in the market strictly to make money, I would suggest becoming an art dealer.

Then there is the new Trump tax overhaul which cut rates for wealthy individuals and corporations while removing the benefits art once received from a 1031 exchange. More people, with more disposable income, should be good for the art market; while the removal of the 1031 exchange will be (in my personal opinion) a minor inconvenience for a select few American collectors. In all my 37 years of dealing in art, I have never come across someone who used that 1031 exchange.

Finally, Scott touches on a far more important aspect of the art market -- its real lack of transparency. Today the auction sales are all about headline news -- how much this or that made. What most people still do not understand is that many of the blockbuster prices are the result of a 3rd party guarantee. In addition, a number of those guarantors end up being the buyer. So the real question is -- was the price achieved the real value of the work? My answer is no! I still preach that you should buy a work of art because you want to own it, not because someone says you will make money from it. The right works of art will inspire you and over the years they will become members of your family ... not something you want to get rid of because they become more valuable.