

COMMENTS ON THE ART MARKET

VOLUME 215

Rehs Galleries, Inc.
Rehs Contemporary Galleries, Inc.
5 East 57th Street, New York, NY 10022 - (212) 355-5710
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Current Exhibition

The Modern Muse

The Modern Muse is open! Visit the gallery Monday - Friday until November 16th to see the works in person or visit our website.

Upcoming Exhibition

Antiques & Modernism Winnetka

The gallery will be participating in the upcoming Antiques and Modernism Winnetka show which opens tonight at the Winnetka Community House.

Opening Night Gala
November 1st from 6:30 - 9:30 pm

Regular Show Hours
November 2nd: 10:00 - 6:00 pm
November 3rd: 10:00 - 5:00 pm
November 4th: 11:00 - 4:00 pm

Stocks & Crypto

By: Howard

Here are some interesting historical facts about the DOW (at least I think they are facts, since these days we never know if what we read and hear is real or fake). Of its top 20 largest one-day percentage declines, nine happened in the calendar month of October. The greatest of all time was on October 19, 1987 (22.61%, or 508 points - I remember that one) and the next three all took place in 1929 (October 28 -12.82%/38.33 points, October 29 - 11.73%/30.57 points and November 6 - 9.92%/25.55 points - a bit before my time). Today we can see a 30- or 40-point swing in just one stock. Could you imagine if they had social media and 24/7 news reporting back them? It is nice to see that none of the one-day percentage declines in 2018 are among the top 20 – at least not yet.

Now, on the other hand, when we look at the largest one-day point drops, the top three all happened in 2018: February 5 – 1,175 (4.6%); February 8 – 1,032.9 (4.15%) and October 10 – 831.8 (3.15%). Funny to think that on October 19, 1987 the DOW closed at 1,738.74 ... the February 5th & 8th drops in 2018 would have wiped it out, and then some. So, while the point swings we see today are pretty large, and can be nauseating, they pale in comparison to what went on in 1987 and 1929. With that in mind, I think we can all relax about our current point swings – at least for the moment.

With all of that out of the way, we can get down to the monthly numbers. The Dow opened at 26,458 and closed at 25,115 – a drop of 1,343. Not good, but look on the bright side, it could have been worse. The Euro and Pound dropped to \$1.134 and \$1.2845 respectively; Crude lost a bit and closed at \$65.12, while Gold gained - \$1,218.9 (up over \$23).

As for the ever volatile crypto-currency market: Bitcoin continues its descent and hit \$6,337 - a loss of \$338. Ethereum lost another \$24.76 to close at \$197.48. Litecoin lost \$11.16, closing at \$49.54, and Ripple returned to a downward trend, closing at \$.45 ... losing \$.09.

With another ugly October under our belts, I was not expecting much. JP Morgan (\$109.02 – down \$3.81), Exxon (\$79.68 – down \$5.33), AT&T (\$30.68 – down \$2.91), Verizon (\$57.09 – up \$3.71), Wal-Mart (\$100.28 – up \$6.35), Coke (\$47.88 – up \$1.79), DowDuPont (\$53.92 – down \$10.38), Merck (\$73.61 – up \$2.68), Disney (\$114.83 – down \$2.10), Intel (\$46.88 – down \$0.41), Apple (\$218.86 – down \$6.88 – sadly, the new iPhone did not help), Microsoft (\$106.81 – down \$7.56), United Technologies (\$124.21 – down \$15.59), and then Google (\$1,076.77 – down \$116.70 - yikes).

There were 4 up and 10 down ... and with all the news about the stock market crashing and falling apart, that was much better than I expected.

Tales from the Dark Side

By: Alyssa

“I am a good person who did terrible things” - The gavel struck, and swindling art dealer, Ezra Chowaiki, is heading to prison. Don't remember this case? Here is a quick reminder... Several duped investors/collectors filed fraud charges against Ezra Chowaiki after paying/investing hundreds of thousands of dollars for works he never owned or had the right to sell. Chowaiki filed for bankruptcy and documents obtained by the court revealed he has less than \$300,000 in assets with almost \$12 million in fraud claims by victims. Chowaiki pleaded guilty in May, forfeiting \$16 million and 25 works of art.

This week he agreed to pay \$12.9 million in restitution and will serve an 18-month sentence.

Rybolovlev Turns His Sights On Sotheby's - As Russian billionaire Dmitry Rybolovlev continues his legal battle against art agent Yves Bouvier, he has now turned his sights on Sotheby's pocket. A quick recap...Rybolovlev purchased 38 masterpieces (12 of which passed through Sotheby's), totaling over \$2 billion, from Bouvier between 2003 and 2014 and believes he was overcharged. Rybolovlev is seeking \$380 million from Sotheby's for their part in Bouvier's elaborate fraud scheme... now known as The Bouvier Affair. The auction house filed suit almost a year ago, in Switzerland, claiming they've done no wrong and will defend their company and employees against Rybolovlev's baseless claims.

While Yves Bouvier and his lawyers have not commented on the current case, they have stated in the past that there was never a written agreement binding [Bouvier] as an agent for Rybolovlev's companies with fiduciary duties, meaning Bouvier was free to sell the art to Rybolovlev at any price he agreed to pay.

Drama At The Upper Levels Of The Art Market - Back in our Volume 209 Comments on the Art Market, we briefly touched upon a suit filed against Gagosian Gallery by contemporary art collector, Steve Tananbaum. According to multiple reports, Tananbaum purchased 3 works by Jeff Koons through Gagosian... after several years and delivery extensions have yet to be delivered.

Since then, Tananbaum has switched lawyers and filed another suit; Gagosian responded with a motion to dismiss. Gagosian claims that Koons is a “perfectionist” and that the estimated delivery dates are “often extended by multiple years.” Furthermore, after Tananbaum's original purchase of Magenta Balloon Venus, back in September 2013, and a 2+ year extension on the estimated completion date, Tananbaum agreed to purchase two more works with an “estimated” delivery date.

Tananbaum's new lawyer states: "Gagosian's tactics of selling multiple works for millions of dollars and then picking and choosing whether or not to deliver them on time, are unfair to buyers," and "For Mr. Tananbaum this lawsuit is a matter of principle."

...I guess the delivery dates will remain, TBD.

How To Safely Navigate The Art Market: Title

By: Howard

In the art world, title has two meanings – the name of a work and legal ownership. For now, I will be discussing the latter. Title is a legal term used to describe, in our case, the ownership of a work of art. Questions often asked are: Do you have 'title' to the work? Are you the owner of the work? Does the work have 'clear title'?

Determining if the person you are purchasing a work from has clear title, or the legal right to sell it, is often difficult. Unlike other items one may buy – cars, stocks or real estate – works of art (and for that matter jewelry, furniture, porcelain, and most collectibles) are not registered/listed in some database where one can see who the real owner is. Most works of art have changed hands many times (often privately) and the provenance (the actual chain of ownership – which I will discuss next month) is usually very vague, has significant gaps, or is entirely unknown. In many cases, it is nearly impossible to verify who the actual owner is.

We have all read about Nazi-looted art, or soldiers who 'took' works that they found during the Second World War, and how many of these pieces ended up in major public institutions and private collections. With more information about these looted works surfacing on various Internet sites, it is becoming a little easier to see if a particular piece has a dark past, but there is still a great deal of art missing from those databases. When a purported stolen work is discovered, and there is proof that the work never had clear title, the current owner is usually forced to return it to either the actual owner or their heirs, and that can be a very costly matter.

So, what is a buyer to do? Well, your best option is to deal with reputable and well-established firms who will stand behind the works they sell. In other words, should an issue ever arise concerning the title of something you own, the establishment you purchased it from will take the hit and refund your money. Most reputable galleries, to the best of their abilities, do their 'due diligence.' They want to be as sure as possible that the individuals they are buying from are the actual owners, have clear title, and the legal right to sell. There is nothing more embarrassing than calling a client, years after they bought something, to inform them that a work in their collection was stolen and must be returned. However, without national databases showing a legal chain of ownership, there is still only so far even a trained professional can go.

Keep in mind that this risk is even more present in some of the online auction platforms. Most people trading on the Internet know nothing about each other. Besides the apparent chance that you may pay for something and never receive it, how do you know that the item offered is owned by the seller, or that the seller has the legal right to offer it? Also, what if the work turns out to be stolen? Will you ever be able to find the person who sold it? Will you ever get your money back? In the faceless Internet world, the answers to these questions are pretty obvious.

If this unfortunate turn of events should happen, it is usually the last person holding the work that is "out the money." Again, as I mentioned earlier, to help protect yourself from being the unfortunate one, it is advisable to deal with well-established firms (dealers, galleries, auctions, etc.). Those that are leaders in their field, have developed excellent reputations, and have been, and will most likely be, in business for many years to come.

Really!
By: Amy

I have to say that I am REALLY stunned and extremely disappointed at the news that a major auction house (Christie's) decided to auction a particular "work of art" (and I use the term loosely) in a recent prints and multiples sale, which covered a wide range of periods -- Old Masters to Contemporary. The piece, titled The Portrait of Edmond Belamy, was generated by an algorithm which was (debatably) created by a collective known as Obvious. I say debatably, because there appears to be a bit of controversy as to the origins of the coding. A 19-year-old Artificial Intelligence (A.I.) artist, Robbie Barrat, claims that Obvious borrowed his code to create the print. Obvious has admitted to using part of Barrat's code, and experts feel the amount borrowed is probably substantial. Can Barrat make a case that he is the owner of the artwork? I think that might be difficult since his code was shared under an open-source license. (https://en.wikipedia.org/wiki/Open-source_license)

OK, back to the "artwork". The three members of Obvious are 25-year old French students who created an algorithm known as GAN (generative adversarial network) and entered a data set of 15,000 painted portraits created between the 14th and 20th centuries for the algorithm to learn from. A.I. then created its own work, which Obvious printed, framed, and then signed with part of the GAN algorithm. You mean the "artist" didn't even sign the work itself? The result is not exactly what I would call spectacular. The work features a heavy man in dark clothing with a white collar, the face appears to be undefined, and in my opinion is not an attractive piece.

The work was estimated to make \$7 -10K...again I am REALLY stunned as this is not the first work created by A.I., though it is the first to come up for sale at an auction. There was a 7-minute bidding battle with two phone bidders, an online bidder from France, one in the room, and the ultimate champion (also on the phone) who purchased the work for \$350,000 (\$432,500 w/commission). Amazingly, the price tied Picasso's Buste de femme d'après Cranach le Jeunea for the third most expensive lot in the sale. The top two works were Myths by Andy Warhol (\$780,500) and Jazz, Tériade, Paris, 1947 by Henri Matisse (\$588,500). Does the A.I. work really deserve to be mentioned in the same sentence as these great artists?

Here are some questions I have: If Obvious runs the program again, will the results be exactly the same? If so, what makes this worth anything, let alone \$433K? If not, will the algorithm learn from its mistakes and the next output be better? If that is the case then isn't the buyer of this piece going to be pretty upset, or will they spend more just to prop up the market? Can this be beginning of a new period of art? Will they call it Artificial Intelligenceism? I hope not.

Like Blinky's shredding event a few weeks ago, this is just another P.R. stunt from one of the two major auction rooms. The saddest part of all this is that there are so many really talented artists dedicating their lives to creating beautiful WORKS OF ART and most would be thrilled to see one of their pieces sell for even \$10,000 or \$15,000, let alone \$433K. It is a shame that people can refer to this item as a 'work of art'. I believe art should be something personal and most importantly have a part of someone's heart and soul in it; not just a bunch of zeros and ones – REALLY! ♥

The Art Market
By: Howard, Lance & Alyssa

October was another slow month in the public arena (we covered a few sales below). The real action is going to take place in November, and with all the notices of important works coming to the market it is going to be action packed. Included will be paintings by Monet, Hockney, Rothko, Bacon, Richter, Wool, Van Gogh, Picasso (of course), Kandinsky, Basquiat, Hopper, Rockwell, and Vlaminck, to name but a few.

Bonhams London – Foujita Dominates

By: Howard

We often talk about an auction's ability to either meet or beat its estimate. Most times, salerooms struggle to hit the mark ... often requiring the addition of the buyer's premium to settle in range. Then, there are those rare occasions when a sale leaves its pre-sale estimate in the dust. Earlier this year, we experienced such a result with the Rockefeller sale in New York... and now there was a small sale in London that also crushed its pre-sale estimate! Before you get too excited, this will be a classic example of what I have always called the 'what a difference one painting can make' effect. (unless otherwise noted, all prices shown are the hammer price)

On October 11, Bonhams presented an Impressionist and Modern Art sale in London. On the surface, it was a nice looking sale with a number of attractive low to mid-level works of art; however, hidden among them was one which would steal the show. Lot 18 was a large painting by the Japanese/French artist Léonard Tsuguharu Foujita titled *La fête d'anniversaire*, which was painted in 1949, sold in 1950, and has remained in the same family's possession since – that is what we call fresh! Now, I am no expert on this artist... however, I have followed his market over the years and to me, the estimate (£900-1.3M / \$1.2-\$1.7M) seemed a bit low given that the highest price (until now) was just over \$6M for a painting that sold back in 1990. More recently, his *Nu au chat* sold for \$5.1M in 2016 (this same work sold in 2014 for \$1.96M). By the time the bidding was over, *La fête d'anniversaire* achieved a new record for the artist – selling for £6.1M hammer (\$8.06M – £7.1/\$9.4M with commission). As I am sure you can guess, that one painting put them over the top ... way over the top! Now we can get back to reality.

Coming in second was Georges Rouault's *Clown de profil* at £350K/\$462K (est. £350-550K) – this same painting last sold in 2014 and hammered at \$468K ... so the seller took a loss (that one lacked freshness). Joan Miro's *Femme, étoile* took third at £210K/\$277K (est. £180K/220K) – this one sold for \$346K in 2014 and generated a loss for the owner ... freshness baby, freshness. Rounding out the top five were two Chagall's: *Les amoureux à l'âne bleu* at £185K/\$224K (est. £80K/120K) – this one sold back in 1983 for \$36,200 (fresh), and *Scène de cirque* at £180K/\$238K (est. £180K/\$220K) – another one from 2014 and sold back then for \$197K (again, not very fresh, but a slight improvement). For many years I have stressed the need for works to be fresh in order to perform well ... these five works really drive home that point.

There were a few pricier works that failed to find buyers: Miro (est. £25-35K), Picabia (est. £350-550K), Vlaminck (est. £70-90K), and Cezanne (est. £100-150K). In addition, two works were withdrawn – a Toyen (est. £1.5-2.5K) and Renoir (est. £30-50K). I often make fun of paintings that sell just for the signature (you know, those subpar paintings by famous artists people buy just so they can tell their friends they have a so-and-so), so I was pleased to see that the 'subpar' Renoir was pulled ... wonder if the reason was that it had no signature?

When the action ended, of the 65 works offered, 57 sold (87.7% sell-through rate, which was pretty good) and the total take was £8.87M/ \$11.7M hammer – the low end of their pre-sale estimate range was £3.71M, so they crushed it. But, do keep in mind that this happened because of a one-hit-wonder — the Foujita accounted for 69% of the sale's total.

Digging a little deeper, we see that 9 works sold below, 28 within, and 20 above their estimate range giving them an accuracy rate of 43% (among the best we have seen) and I am sure they were happy that 31% of the works sold above their ranges. The top 5 works accounted for 79.2% and the top 10 took 87.2% of the sale's total.

Art For Breakfast – European Art (Part 1)

By: Lance

Being that Christie's is along my walk to work every day, I decided to spend the first bit of my morning watching the auction action in person... Part 1 of Christie's European Art sale kicked off at 10 am and

featured a curated selection of just 28 works of art (Part 2 kicked off as I started writing this – another 64 lots).

There were a handful of stellar lots featured and expectations were rather lofty... unfortunately, the market did not bite on a few of them and that greatly impacted the results. While the sale started off slowly, things started to heat up about half way through and the room began to feel a bit more lively, but by that point much of the damage was done. With that, let's get into the numbers...

Though it was not expected to be the top lot with an estimate of just \$1.5-2M, Vilhelm Hammershoi's *Interior with an Easel, Bredgade 25* pushed passed \$4M. Two phone bidders and a gentleman in the room (who happened to be sitting next to me) battled it out for several minutes before the hammer fell at \$4.2M (\$5.03M with premium – w/p)... the gentleman in the room was the top bidder. The work was accompanied by provenance dating back to the artist himself, when it first sold in 1912... it was easy to keep track of as it remained in the same family since then. Given the freshness of the work, it is no surprise it achieved such a strong price. Just a few lots later, Waterhouse's *Thisbe* sparked another bidding war which pushed the price high enough to take second in the sale – ultimately, the work hammered at \$3.1M (\$3.7M w/p – est. \$1.8-2.5M), followed by applause from the (albeit, small) crowd in the room. Similarly to the Hammershoi, this lot had provenance dating back to the year it was painted, however this one changed hands quite a few times since 1909. It last publicly appeared on the market in 1985 at Sotheby's London where it garnered \$107K.

Rounding out the top three was a rather large work by Tissot, standing just over 7 feet tall. Keeping with the trend, the lot was accompanied by provenance dating back to the artist and last publicly appeared in 1986 at Christie's in Monaco – at that time, the work sold for \$142K. This time around, the work found a buyer at \$2M (\$2.4M w/p)... the bottom end of its \$2-3M estimate. These three lots alone accounted for roughly 56% of the sale's total!

There were no other “headline worthy” prices achieved in the bunch. Nine of the lots sold below the estimate and another 10 went unsold... on top of that, bidding started off at a very sluggish pace. Five of the first ten lots failed to sell with a few of them failing to garner a single bid – including *Marine, Trouville*, the first of three Courbet's (est. \$1.2-1.8M)... this one was just acquired in 2016, so not very fresh. Further, the star lot and catalog cover, Courbet's *Femme endormie aux cheveux roux*, (which was fresh to the market and carried a \$3.5-4.5M estimate) was also included in the unsold lots, so it shouldn't surprise anyone that the overall results were less than pleasing. Shortly after (5 lots later), the final Courbet featured in the sale, *Chasseur dans la neige*, was withdrawn – this one carried a \$1.5-2.5M estimate. The reason I find this to be notable is that prior to the sale, the auctioneer announced that none of the lots were withdrawn. I have to assume the seller was watching closely, and used the first two Courbet's to gauge the market and then determine how to proceed. Lackluster bidding coupled with the earlier Bls were enough of a reason to pull the work last minute.

By the end of the brief sale, Christie's had found buyers for 18 of the 28 works offered for a total of \$16.3M (\$19.8M w/p) – the sale was expected to make \$23.3-33.7M before the premiums are factored in, so they fell way (way, way) short of the target.

Art For Lunch Too - European Art (Part 2)

By: Lance

Christie's followed up yesterday's morning sale with European Art Part 2 in the afternoon... this would offer more of the lower to mid-level material. Surprisingly, the sale got off to a quick start as the first 18 lots found buyers; some of them making pretty strong prices. As the sale ticked on, it seemed the intensity of bidding dwindled and by the half-way mark we were getting long strings of unsold lots. At one point, 6 lots in a row failed to sell with some not even attracting a single bid. That said, there were a few pieces that performed remarkably well so let's get into the numbers...

There were a handful of lots which all carried the same \$150-250K estimate (among the highest in the sale), so heading in there was competition for the top spots. Ultimately, a work by Rudolph Ernst titled *An*

Arab in a Palace Interior achieved a price good for the honors... the work, depicting an Arab man entering an ornately decorated room, was accompanied by very little provenance only dating back to the last time it changed hands in 1993 – at that time, the work sold through Christie's London for \$115K. This time around, the work hammered at \$380K but the buyer forked over \$468K once you factor in the premium (w/p). Another work expected to bring \$150-250K took second... this too was an Orientalist genre painting. Adolf Seel's *Nacht Wache*, showing an Arab man guarding the entrance to a mosque while a group of men are seated behind him, garnered \$300K (\$372K w/p). The work was vibrant and appeared in good condition, this one also had a skimpy provenance... the extent of which was its last public appearance at auction in 1996 when it sold at Sotheby's New York for \$85K.

Rounding out the top three was a not very exciting Corot, which also had a \$150-250K estimate... this one however, had provenance all the way back to the artist and was fresh to the market – it last appeared in 1951 in Paris where it was acquired by the present owner. Here, the smallish 16 x 12 canvas found a buyer at \$230K (\$287K w/p). Another Corot, which was much larger and extremely dark (too dark for my taste), also carried a \$150-250K estimate but that one just hit the range at \$150K.

A handful of other lots made nice prices... a large work by Julien Dupre found a buyer at \$110K (\$137K w/p) on a \$70-100K estimate; a beautiful little Jules Breton made \$150K (\$187K w/p) also on a \$70-100K estimate – it last sold in 1998 for \$66K; a portrait of *General Gustave Paul Cluseret* (a general in the French Army, who fought with the Union during the US Civil War) done by Gustave Courbet more than doubled its \$60-80K estimate as it sold for \$135K (168K w/p); and a large complex work by Jules Scalbert nearly tripled its \$60-80K estimate at \$220K (\$275K w/p).

As is always the case, there were a few noteworthy failures in the bunch... I know I said there was some competition for the top spot, and this one, Atkinson Grimshaw's *Under the Beeches* had the estimate to easily take the honors at \$250-350K... that said, the size of the work (11 x 17 inches) and its condition just did not seem to justify the expectations. There was also a large collaborative work by Willem and Hermanus Koekkoek which went unsold with a \$180-220K estimate, a Jacques-Emile Blanche on a \$100-150K estimate along with 19 lesser lots that failed to find a buyer.

By the end, Christie's moved 42 of the lots up for grabs, or 66%. The total take was just \$2.78M (\$3.47M w/p) while they expected to bring between \$3.3-4.9M, so they needed those premiums to make the range.

2 Minute Rant: You Are Not #Banksy

By: Alyssa

Geez! Unless you live under a rock, you've heard that anti-consumerist, anonymous street artist, Banksy, recently pulled-off his greatest publicity stunt yet... Shredding one of his most iconic works, "Girl With A Balloon" as it hung on Sotheby's wall just moments after it hammered down at \$1.4 million. With reports now claiming the value of the artwork has doubled, I think so has the ignorance of the consumer. If YOU, the owner of a Banksy decides to shred YOUR (or any other) Banksy, YOU WILL NOT DOUBLE THE VALUE. My eyes are rolling as I read @myartbroker's tweet "#Banksy print owners contact us today asking if they shred their artwork will it be worth more. Please, Please DON'T. The events of the last 24hrs are a very unique piece of art history. #GirlWithBalloon." REALLY!?! Those who have the tens/hundreds of thousands of dollars to spend on an original Banksy should know the difference between shredding a work themselves vs a publicity stunt by the artist. To put it simply, what Banksy did was take an original work of art that he created, altered it, and turned it into a different original work of art. To those who were senseless enough to take the shredding upon themselves... yes you, with the Stanley knife who thinks your value has doubled... Your Banksy is probably worth nothing more than pennies now. Banksy is a publicity artist just as much as an artistic artist. So, with that, Banksy — bravo on getting your name on pretty much every news platform this past week. And anyone with an original Banksy...put the knife down and turn the shredder off. Till the next stunt.

The Rehs Family

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