

COMMENTS ON THE ART MARKET

VOLUME 205

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Happy New Year

Volume 205 marks the beginning of our 18th year bringing you interesting stories and updates from the art, collectibles, automobiles and antiques markets. 2018 will see several changes that we feel you will all enjoy, from a website overhaul to a design change of our monthly newsletter.

During the month of December, we posted auction reviews and Dark Side stories to our Blog on a timelier basis (many were done on the same day the sale took place or the news broke). Instead of creating an extremely long newsletter, you will now see the titles of those posts and a few teaser lines followed by a 'read more' option. We want to make the newsletter less cumbersome and easier for you to access the stories that are of interest. Let us know what you think since this is all for you, our readers.

Our website has also gone through a transformation. One of the most frequent comments about the historic side was the difficulty some people had reading the text against a blue background, so we changed it! Now, there will be dark blue letters against a white background – sorry, just cannot seem to get away from the blue! We have also added larger images which can be viewed with the magnifying glass feature or blown up to a full screen size. As you navigate the site, please let us know your thoughts and any issues you encounter.

The LA Art Show

In recent years, we have had two separate booths – one for historic and another for contemporary works. This year we are changing it up ... we went a little larger and created a private room featuring our historic works within the contemporary booth. The look and feel of the two spaces will be very different. A curtained entrance will welcome you into a carpeted area with dark blue walls and a curated group of stellar works by Berthelsen, Corot, Cortes, del Campo, Edzard, Santoro, Valtat, Vlaminck, Henri Geoffroy (Paris Salon, 1892), Andrea Landini (Paris Salon, 1929); as well as two Paris Salon masterpieces: Leon Richet's *Marguerite* (Paris Salon, 1881) and Louis Courtat's *Le Réveil de Vénus* (Paris Salon, 1883).

Surrounding this room will be a more contemporary white-walled space with concrete floors. On display will be works by Anthony Mastromatteo, Tony South, Tim Jahn, Julie Bell, David Palumbo, Dorian Vallejo, Walter Rane, Kari Tirrell, Cesar Santander, Jason Walker, Ben Bauer, Todd Casey, Jason Brady, Erik Koeppel, Ken Salaz and a selection of works by the newest member of our roster ... Hammond.

Visit the Exhibitions page of our website for more information. If you would like to attend the LA Art show, please email us ASAP for tickets ... we still have a few left!

The Stock Market & Cryptocurrency

By: Howard

Finally, the end of the year is here! No more worrying about where my stocks will be at the end of 2017 – I now know. On Monday, I can start worrying about where they will be 365 days from now.

A couple of months ago I started talking about Bitcoin, because Amy jumped in. What I failed to mention, is that along with her \$500 Bitcoin bet, she also placed \$500 on Ethereum and Litecoin. As of today, her \$1,500 gamble is worth \$6,109.55 (wish all my stock bets paid off like that). She is feeling so good about these cryptocurrencies that today she converted a piece of her piece of a Bitcoin (she does not even own a full Bitcoin) for 253 Ripple at \$1.91 and then added a little more to her Bitcoin holdings (another \$2,000 worth) ... I will keep you posted on her progress.

As for the Dow, the sky seems to be the limit -- we opened the month at 24,272 and closed at 24,719 ... and that was on a day where it dropped over 118 points. Keep in mind, that on January 1, 2017 the DOW was at 19,764, so we are up almost 5,000 points for the year! That is incredible. The Euro closed out the month, and year, at \$1.20 (up a little); the Pound dropped a tiny fraction – \$1.3502; Crude took a little bounce - \$60.10 and Gold made a nice jump - \$1,305.10 (if only it were called crypto-gold)!!

And now for my personal reality check of the monthly gains or losses ... JP Morgan (\$106.94 – up \$2.42), Exxon (\$83.64 – up \$0.35), AT&T (\$38.88 – up \$2.50), Verizon (\$52.93 – up \$2.04), Wal-Mart (\$98.75 – up \$1.52), Coke (\$45.88 – up \$0.11), DuPont (\$71.22 – down \$0.74), Merck (\$56.27 – up \$1.00), Disney (\$107.51 – up \$72.69), Intel (\$46.16 – up \$1.32), Apple (\$169.23 – down \$2.62), Microsoft (\$85.54 – up \$1.37) and United Technologies (\$127.57 – up \$6.12). Did you see it? Very little red this month – the Visine is working ... amazing! Of the 13 stocks listed, 11 up and 2 down --- it is going to be a good New Year's Eve.

Tales from the Dark Side

By: Alyssa

In Volume 204 of our Comments on the Art Market, we briefly covered the charges brought against art dealer, Ezra Chowaiki. Since then, more information has come to light regarding the now bankrupt art gallery and its crooked dealer.

The court documents regarding the company's bankruptcy claim reveals it has less than \$300,000 in assets and almost \$12 million in claims by victims who were defrauded.

Known victims

1. A Cayman Island company, that is managed by a modern-art dealer, alleges that it was cheated out of \$900,000. The deal was that he would purchase a 50% stake in a sculpture which Chowaiki would flip for a quick profit of over \$100,000 to the victim. Chowaiki claimed a buyer was already lined up and willing to pay \$2.15 million. However, once the money was wired, the victim learned that the work was not being sold by Chowaiki but actually up for auction in London.
2. Sotheby's had hired the gallery as an agent to purchase "Titine Trovato in Dress and Hat" by Henri Matisse for \$12 million. Sotheby's then had plans to resell the work for \$15-\$20 million. Before the deal went through, the gallery sold the work to another buyer for \$4.75 million. Sotheby's is seeking damages for the loss.
3. Carpenter Fine Violins and Collectibles LLC., claims they acquired a 50% stake in Kandinsky's "Schichtenweise" for \$312,500. What is interesting is that this is the same amount of money "Victim-2" in the lawsuit claims Chowaiki stole; however, there is no information yet that connects these two cases.

The divorce of Maurice Alain Amon and Tracey Hajailan-Amon is heating up ... quite literally. Maurice is claiming that his wife ruined part of their art collection when she tried to open a safe in their Paris apartment with a blowtorch. Tracey is now claiming that Maurice avoided NY State sales taxes on some \$25M worth of art he purchased here.

Looks like this one is going to get even hotter.

This month, Stephanie Baker and Hugo Miller gave us more insight into the ongoing legal battle between Rybolovlev & Bouvier. Now, according to Rybolovlev's lawyers, there was another big player involved — Sotheby's vice chairman of private sales — Samuel Valette. It is truly amazing how much money changed hands and how much profit was made ... not millions, but a billion!

Really!

By: Amy

A 17th Century alchemist's scroll highlighted the Valuable Books and Manuscripts sale a few weeks ago. The Ripley Scroll, described by the director of Medieval and Renaissance Manuscripts at Christie's, is a 'rich and detailed mix of cryptic verse, legend and image.'

The scroll, named after George Ripley (1415 -1490) the most renowned of the 15th century alchemists, is one of 23 known copies and the only one in private hands. It was created in 1624 by Leonard Smethley, a heraldic painter, and features text drawn from the work of Ripley. At the time the scroll was created, Alchemy was considered a proper scientific discipline and was taken very seriously. The Alchemist's main objectives were to create the Philosopher's Stone, a mythical object capable of transforming base metals into gold, as well as crafting the formula for an elixir that would give you eternal life and cure all ills. The instructions are incredibly cryptic, and many have tried to decipher them, including Sir Isaac Newton, without much success.

Well if you can't decipher the scroll to make the elixir for eternal life, maybe this wine will, at the very least, help get you through the night. A one of a kind bottle of 2015 The Setting Alexander Valley Cabernet Sauvignon, is the one of the most valuable bottles of wine ever sold. (Although the record price may not be included in official historical auction prices, as it was part of a charity auction for the Emeril Lagasse Foundation). This unique bottle was made for Shep Gordon, the legendary manager of Alice Cooper, Blondie, and Pink Floyd, among many others. It was created by winemaker Jesse Katz of Devil Proof Vineyards. Jesse has become known for crafting wines to order and has developed a cult following of celebrities, beginning when Jessica Biel had him create a wine for her wedding to Justine Timberlake. The bottle was purchased by a cartel of Mississippi based wine collectors for \$350k! But if you would like just a regular bottle of The Setting, you can purchase it for only \$85! Really!!

A set of twelve ink-brush landscape screens by the Chinese artist Qi Baishi (1864 – 1957) were sold in Beijing recently, setting a record price for Chinese paintings. The artist was self-taught and is well known for his paintings of scenery, small animals, trees and flowers. While he is really not known outside of China, his work can demand prices that equate to well-known artists like Picasso, Warhol and Basquiat. This set of paintings were originally given by the artist as a gift to his friend Chen Zilin, a doctor in Beijing, and have been in the hands of a private collector since the 1980s. When the works came up for sale, a 20 minute bidding war erupted and when all was said and done, the screens sold for an amazing \$141M to an anonymous Chinese buyer, of course!

The Art Market

We all must agree that 2017 was one crazy year for the art market. Interest in high quality works from every area of the market remained strong ... and that was seen at many levels of the art market (from the super expensive to the more affordable).

Of course, the market had its ups and downs. When they were up, the sky was the limit (or should I say the one with the deepest pocket was the limit). In January it was reported that Agnes Gund sold Lichtenstein's *Masterpiece* to Steven Cohen (in a private transaction) for \$165M ... making it the 11th most expensive painting ever sold. Then in May, Basquiat's *Untitled*, originally purchased in 1983 for \$19,000, brought a record \$110.4M (only number 28 on the most expensive list) to the Japanese collector Yusaku Maezawa – we were all shocked. On November 13th, van Gogh's *Laboureur dans un champ* brought a cool \$81M (number 52 on the list). But all those paled in comparison to what happened on November 15th, when da Vinci's *Salvator Mundi* (which was bought for \$129M a few years earlier) set the art world and most news agencies ablaze when it sold for over \$450M (now the number 1 work). The question now on some people's minds is: will we see a \$1 billion painting in 2018? Guess it all depends on what treasure surfaces.

And when they were down, they just failed: Francis Bacon's *Study of Red Pope 1962. 2nd Version 1971* was expected to bring between £60-80M, no takers; Egon Schiele's *Individual Houses* carried a £20-30M estimate, and went unsold, while Basquiat's *Bronze* (1982), which was expected to bring between £5 and £7 million just could not get out of the starting block.

I think we all now know that just because a work does not sell on a specific day, does not mean it isn't a nice piece. All it means is that on that specific day nobody, at that specific sale, wanted it ... put it back on the market another day and the story may be very different.

In our small area of the 19th century market we saw some nice action and many amazing works passed through our hands including an early Wiggins, two great Dupres, two classic Sanchez-Perriers, a major work by Wegmayr, a beautiful Boudin, a gem by Vibert, an Old Master by Delft (not our normal bread and butter), a few nice Berthelsens, five by Knight, fourteen Blanchards and I am sure some of you were trying to keep count of the Cortes ... 51!

And as for the contemporary side, another year is in the books, so let's do a little recap of some highlights... From all of the fairs, exhibits and sales in between, hundreds of paintings passed through the gallery and on to... well, many of you! So, thank you!

Incredibly, nearly every artist saw their sales total in quantity and value increase from last year! That said, there are a few we want to give a special mention to.

Ben Bauer and James Neil Hollingsworth saw a major rise in demand with sales more than tripling from last year's numbers. David Palumbo had the greatest increase in net sales with an increase of more than 600%! Amongst the sold works was Palumbo's *Revealing*, the centerpiece from *Skin and Tonic* and featured on the cover of *American Art Collector* this past Spring. Todd Casey's work saw the greatest increase in quantity sold... more than 30 works were snatched up in 2017 – that resulted in an increase in net sales by more than 250%! Go Todd! Stu Dunkel - always a crowd favorite - came in a close second with 28 works sold and a 230% increase in net sales.

But as expected, John Stobart was the big winner on the year with annual sales in the mid six-figures... as many of you know, Stobart is at quite a different point in his career than the rest of our roster, so this is far from a surprise... now we just have to get a few more of our represented artists on his level and 2018 will be a great year!

And now for our coverage of the recent auction sales (taken from our blog posts):

VICTORIAN, PRE-RAPHAELITE & BRITISH IMPRESSIONIST SALES IN LONDON

By: Lance

Christie's and Sotheby's offered up their Victorian, Pre-Raphaelite & British Impressionist art earlier this week over in London and the results were uninspiring. Without the buyer's premium, neither sale made it into the pre-sale estimate range and both left a considerable chunk of material unsold...

Christie's was up first and leading the way was the catalog cover-piece – James Smetham's *The Mandolin*. Though it wasn't even projected to crack the top three (based on presale estimates), the work blew by its £100-150K estimate as it hammered down at £390K (\$523K — £476K /\$639K with premium). In second was a work by

John Atkinson Grimshaw, one of several works by the artist up for sale here... This work, *Liverpool Lights*, found a buyer at £280K hammer (\$376K — £344K/\$462K w/p) on a £200-300K estimate; another work by Grimshaw also brandished a £200-300K estimate yet it failed to sell. Rounding out the top three was another work by Grimshaw – this one estimated at £120-180K, found a buyer at £135K (\$181K — £168K/\$226K w/p). A few other works by Grimshaw made good prices as well as a drawing by Burne-Jones which fetched £100K w/p. All said, only 77 of the 123 (62.6%) works found a buyer and totaled just £2.47M w/p (\$3.3M) – the low end of the pre-sale estimate was £2.3M, so they needed that extra bump from the premiums.

Let's just get it out of the way... Sotheby's was even worse... oh well. The lone bright spot on the evening was John Roddam Spencer Stanhope's *Penelope* – in similar fashion, the cover-piece of the catalog. The work topped it's £400-600K estimate at £640K w/p (\$866K). Well off in second was a work by Godward at £150K (\$201K – Est. £120-180K) followed by a Grimshaw at £125K (\$168K – Est. £120-180K). Nothing else broke the 6 figure mark... in fact, only two other lots even topped £50K – nothing too exciting. When the evening ended, nearly half the sale was left unsold... of the 82 lots on the block, just 45 sold (54.8%) and the total take was £1.8M (\$2.43M)... the low end of the presale estimate was £2.07M... again, keep in mind that the sales total includes premiums and the presale estimate does not, so they were way way off.

CHRISTIE'S LONDON: 19TH CENTURY EUROPEAN

By: Howard

Christie's, London, presented their 19th century painting sale on the 14th and as I have said in the past, what a difference one painting can make! Taking the top spot here was a preparatory study for Eugene Delacroix's famous painting *Le 28 juillet – la liberte guidant le peuple, 1830* which made £2.6M (£3.13M / \$4.2M – est. £700-1M) – now that was a nice price! Coming in second was Courbet's *Bords de la Mer, Palavas* at £300K (£369K / \$496K – etc. £200-300K) and in third was Isaac Israels' *A Dancer* which made £115K (£144K / \$193K – est. £50-70K).

Rounding out the top five were a small (9 3/8 x 15 3/4 inch) Pasini titled *A Market Before Nusretiye Camii Mosque in Tophane, Constantinople* which made £110K (£138K / \$185K – est. £80-120K) while Chierici's *Gioie Infantile* brought £95K (£119K / \$160K – est. £80-120K).

The sale did have one larger miss, Pasini's *Mercato a Costantinopoli* (est. £200-300K); but in general, most of the other misses were at the lower levels ... so that was a nice sign.

By the time the sale was over, of the 83 works offered, 60 sold (72.3% — pretty close to the competition) and the total take was £5.75M (\$7.7M – low end of the estimate range was £3M); so they easily beat the estimate. Going a little deeper, we find that 27 sold below, 19 within and 14 above their estimate range. Adding in the 23 unsold works we arrived at an accuracy rate of 22.9% – a little less than the competition ... but also stronger than some of the other sales we have seen.

This sale did have a one hit wonder – the Delacroix – which accounted for over 54% of the sale's total and the top 5 works totaled £3.9M (\$5.2M) ... or 67.8% of the total sale. Without that biggie, the overall results would have been very different ... but as we have seen, this is the case with many sales today.

SOTHEBY'S LONDON: 19TH CENTURY EUROPEAN

By: Howard

Today we had Sotheby's sale of 19th century works of art. While this sale covers the same period of art we see in the New York sales, they usually contain a slightly different mix of works – more Spanish, Swedish, Finnish, Dutch and Greek ... than we see in the US.

Taking the top spot here was Sorolla's *Stormy Afternoon* at £525K (\$700K – est. £500-700K). In second was Gustave Moreau's *Hélène* which made £513K (\$684K – est. £350-500K) and in third was Hammershoi's *Woman Before a Mirror, Strandgade 30* (a far cry from the one that sold in NY) that sold for £465K (\$620K – est. £400-

600K). Rounding out the top 5 were Corot's *Paysage Breton* at £453K (\$604K – est. £300-500K) and Boldini's tiny (12 x 9 inch) *Les Parisiennes* which made an impressive £393K (\$524K – est. £150-200K).

There were a few other strong finishers: Corot's (c.1870) *Marcoussis, Route a Travers les Champs* made £297K (\$398K – est. £200-300K); Hammershoi's study titled *White Doors, Strandgade 25* brought £249K (\$332K – est. £200-300K); Jakobides' *The Ravenous One* brought £206K (\$275K – est. £100-150K) and Nikolaos Gyzis's *Up to Mischief* sold for £50K (\$67K – est. £15-20K). On the flip side, Courbet's *La Dormeuse* (est. £200-300K) was withdrawn and works by Jarnefelt (£100-200K), Schjerfbeck (£150-200K) and Josephson (£400-600K) failed to find buyers.

By the end of the short session, of the 74 works offered, 54 sold (73%) and the total take was £5.5M (low end of the estimate range was £4.974M – so they made it with the buyer's commissions added in). Looking through the sale we find that 18 sold below, 20 within and 16 above their estimate range. Adding in the unsold works we arrive at an accuracy rate of 27% — a little stronger than some of the other sales we have seen.

Tomorrow they will present their Victorian, Pre-Raphaelite & British Impressionist sale. Guess we will see what happens.

CHRISTIE'S OLD MASTER SALE: LIKE I HAVE SAID, SIZE DOES NOT MATTER

By: Howard

Tonight, Christie's presented their selection of Old Master works and if my calculations are correct, it seems to have been a huge hit!

Taking the top spot here was El Greco's *Saint Francis and Brother Leo in Meditation* which hammered at £5.9M (£6.87M w/c – est. £5-7M). In second we had a tie at £2.8M (£3.37M w/c): Bartholomäus Spranger's *Mercury carrying Psyche to Mount Olympus* (est. £4-600K) and Rembrandt's *Portrait of Petronella Buys* (est. £1.5-2.5M) – both beating their estimates ... one by a long shot! Rounding out the top five were Jacob van Ruisdael's *Sailing vessels in a stormy sea near a rocky coast* at £1.2M (£1.45M w/c – crushing its £3-500K estimate) and Ludolf Bakhuizen's *An extensive seascape with figures by a boat on a shore* at £550K (£669K w/c – also crushing its £80-120K estimate).

The theme for the sale was: Soar or Go Home. Of the 36 lots in the sale, 1 was withdrawn and 27 sold (77.1% sell-through rate) ... a bit weaker than the Sotheby's sale ... and the total take was £18.15M (£21.77M w/c – low end of their presale estimate range was just £12.34M – so they crushed it). Of those 27 sold works, 21 were above, 3 within and 3 below their estimate range. Adding in the 8 unsold works that gives them an accuracy rate of only 8.5%. I doubt that really mattered to most since more than 60 of the works beat their estimates ... and many in a big way. The top three works accounted for £11.5M (£13.61M), or 62.5%, of the sale's total. So, while they did have that one big one, they also had plenty of smaller ones that checked all the boxes in terms of quality, condition, etc. Nice going!

Last night Sotheby's offered up 50 works, sold 41 and generated 25.05M. Tonight, Christie's almost matched that total with 15 fewer lots. See, size doesn't always matter – slim and trim is the way to go!

SOTHEBY'S LONDON: OLD MASTER EVENING SALE

By: Howard

The London sales started out pretty strong with the evening sale of Old Master paintings at Sotheby's. On offer was a nice cross-section of work works from the early 1400s through the early 1800s and at times, there was some very spirited bidding.

I have always stated that many times these sales come down to one or two paintings ... and this was no exception. Taking the top spot, as expected, was Joseph Wright of Derby's luminous *An Academy by Lamplight* that brought a record £6.3M (£7.26M w/c – est. £2.5-3.5M). The work has been in the same collection

for more than a century and was in great condition ... see what happens when you get a great example, that is fresh to the market and has little to no condition issues.

In second was John Constable's *The Opening of Waterloo Bridge, seen from Whitehall Stairs, London, 18 June 1817* which brought £1.9M (£2.3M w/c – est. £1-1.5M). Another fresh to the market painting that generated a great deal of interest. And in third we had Bernardo Bellotto's *Venice, A View of the Grand Canal Looking North from Near the Rial Bridge*... which hammered down at £1.7M (£2.05M w/c – est. £2-3M). This one was last on the market in 2007 and had been restored ... so these were probably factors in its final price. Rounding out the top five were another John Constable (wow, two in one sale) which brought £1.5M (£1.81M w/c – est. £2-3M). Now before you feel bad for the family that sold it, keep this in mind: according to the cataloging, it was purchased for £1,700 in a sale back in 1979 where it was catalogued as being by Thomas C. Hofland (a late 18th / early 19th century British landscape artist). Not a bad return! And finally, there was David Teniers The Younger's *An Elegant Company Before a Pavilion in a Ornamental Garden* which garnered £1.3M (£1.57M w/c – est. £800-1.2M).

Two of the bigger lots failed to attract any bidding: Titian's *Portrait of a Venetian Admiral*... (est. £1-1.5M) and George Stubbs' *Two Bay Hunters in a Paddock* (est. £1.5-2M) ... but the record price for the Wright of Derby made up for them.

Of the 50 works offered, 41 sold (82% – on the surface, not bad), and the total take was £25.05M w/c (low end of the presale estimate was £18.57M). Now for a slightly deeper analysis. Of the 41 sold works, 15 were below, 8 within and 18 above their estimate range. Adding in the 9 unsold we get an accuracy rate of 16%. The high sell-through rate received a little help from some very low reserves – 3 or 4 lots sold at almost half the low end of their estimate range – but hey, that is probably what they were worth. And finally, the top 5 works combined account for £14.98M, or 60% of the sale's total ... just for fun, the top 10 made 18.55M or 74%.

The Rehs Family

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