

# COMMENTS ON THE ART MARKET

## VOLUME 203

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### ARC Select: 2017

As many of you know, we just opened our Fall exhibit, ARC Select: Contemporary Figures, this past Saturday. We were pleased to see many new and familiar faces pass through the galleries, enjoying the works that fill the rooms... and always delighted to see a handful of red dots. A number of works have already found new homes (though they will remain on display through November 17th). A couple of larger pieces sold by Emanuele Dascanio and Daniel Gerhartz, while multiple works from Vanessa Lemen, Marc Scheff and Sergio Lopez found buyers. That said, there are still many treasures available to add to your collection! Please visit our website to view the full exhibition, or if you are in town, please drop by anytime – we are open Monday through Friday 10 am – 5 pm (appointments are not necessary).

Hope to see you soon!

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### Stocks

By: Howard

I am sitting in my hotel room in Winnetka checking out the final numbers for the month. WOW! The Dow closed at 23,377 ... that is up almost 1000 points from last month. The Euro closed at \$1.163 (getting a little weaker); the Pound also dropped a little - \$1.337; Crude was up -- \$54.67, Gold lost a bit -\$1,269.6 and we will now start to track Bitcoin (Amy bought \$500 worth a few weeks ago when it was trading at \$3800 ... as of today, it was over \$6500 and her initial investment is now worth \$922 – we can soon retire). And now for the real test, my personal stocks.

With almost a 1000 point gain I was feeling really good ... JP Morgan (\$100.61 – up \$5.10), Exxon (\$83.35 – up \$1.37), GE (\$20.16 – down \$4.02 -- uh oh), AT&T (\$33.65 – down \$5.52 – now I am not feeling very good), Verizon (\$47.87 – down \$1.32 – what is happening!), Wal-Mart (\$87.31 – up \$9.17 --- well, that sort of makes up for GE & AT&T), Coke (\$45.98 – up \$0.97), DuPont (\$72.31 – up \$3.08), Merck (\$55.09 – down \$8.94 -- ughh), Disney (\$97.81 – down \$0.73), Intel (\$45.49 – up \$7.41), Apple (\$169.04 – up \$14.92 – I like that!), Microsoft (\$83.18 – up \$8.69) and we cannot forget United Technologies ... last month it closed at \$116.08 and this month it hit \$119.76 – up \$3.68. Of the 14 stocks listed, 9 up and 5 down --- I think that was good ... right???

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### Tales From The Dark Side

By: Alyssa

Art dealer **William S. Arnett** is facing charges for allegedly selling works he did not own. According to an article posted by the Atlanta Journal-Constitution, the estate of late African American artist Thornton Dial and his three heirs are suing Arnett for unspecified damages including punitive damages and attorney fees. The case stems from the sale/donation of 54 outsider artworks from

Arnett's foundation, Soul Grown Deep, to the High Museum of Art. Among them were 13 works by Dial, including one of his largest works – *Crossing Waters*.

The plaintiffs claim that the works were on consignment to Arnett and not for sale. Arnett's lawyer, John Moye, states that the artwork in question were part of a \$2 million purchase agreement signed by Arnett, Dial and Dial's heirs in August 2012. We will let you know what happens.

**David Mugarbi**, son of New York art dealer Jose Mugarbi, is suing Mana Contemporary for not releasing some of their 1,300 inventory works in their New Jersey storage facility. According to the report posted on Bloomberg, Mugarbi claims Mana agreed to store works for his company, Fashion Concepts, Inc., in exchange for recommending Mana's services (art storage, shipping and restoration) to their clients. The defendants argue that Mugarbi now owes more than \$500,000 and are holding the works until the debt is paid.

Mugarbi is also claiming that he is losing millions of dollars and his business has been brought to a standstill since the "hold" has started. This is because, three of the works have been sold and cannot be delivered, two more are set to be shown at "prestigious museums", and one consignment fell through because of non-delivery. On top of that, he claims that Mana has damaged 11 works.

**Harry Fisher**, 28, has been sentenced to eight years and eight months in prison. After being caught with a kilogram of cocaine and €30,000 in cash over the summer, authorities decided to continue their investigation into Mr. Fisher and uncovered a stolen Sir Stanley Spencer painting valued at €1M. The work had been stolen in 2012 from the Stanley Spencer gallery in Berkshire while it was on loan from a private collection. With an overwhelming amount of evidence against Fisher, he pleaded guilty to conspiring to supply class A drugs, acquiring criminal property and handling stolen goods.

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**Really!**  
By: Amy

Smashing auction records and estimates continues to happen, and I can say that recent results did not disappoint. A new world record for a Chinese ceramic was set when a small, but tremendously sought after, Ru guanyao brush washer dish from the late Northern Song Dynasty (960-1127) was sold. Brush washer dishes are shallow porcelain bowls that were used in ancient China to clean paint and calligraphy brushes; this blue-green bowl is considered an important and rare piece of art. The bowl, commissioned by the Imperial court, was created in the Chinese province of Henan in the famed kilns of Ruzhou and was produced in the style known as Ru (ice crackle). It is believed that there are only four of these bowls in private collections; this example was expected to make in excess of \$13M. After a fierce bidding war, the new owner paid an amazing \$38M for the really old and really small bowl.

After a blistering bidding battle, a Chicago collector was the victor of a rare map depicting a bird's eye view of the "Windy City" from 1857, created by J. T. Palmatary. It is the only one of four known examples in a private collection, the other three are at the Library of Congress, the Newberry Library and the Chicago History Museum. This map was completed one year after the Illinois Central Railroad was built, as it appears in the foreground, and 14 years prior to the Great Chicago Fire that destroyed almost all of the area and left a hundred thousand people homeless. It burned the modest estimate of \$20-30K when it sold for \$198.6K!

This next auction result wasn't record setting, but still made quite a nice price for a painting study – a work by Sir Winston Churchill that he gave to the saucy actress Vivian Leigh. Churchill and Leigh became friends in 1936 after meeting on the set of the film [Fire over England](#). Churchill was very particular as to whom he gave his paintings to; some were given as state gifts, but his flower paintings were more personal for him and therefore he only gave them to family and close friends. In 1930 he

gifted *Study of Roses* (20 x 14 inches) to Vivian Leigh and it became one of her favorite possessions. Leigh hung it in her bedroom, so it would be the first thing she saw every morning. The painting was estimated to make \$94-134K but eclipsed that and sold for \$857K!!

Here's my favorite item this month – two notes written by Albert Einstein. Einstein was staying at the Imperial Hotel in Tokyo in 1922, just after he won the Nobel Peace Prize. He found himself short of cash to tip a bellboy that just delivered something to his room, so he wrote two notes to the bellboy and advised him to hold onto them, as they might actually be worth something one day. Boy, was Einstein really right about that...what a genius! The grandnephew of that bellboy, heard about some recent results from other letters written by Einstein and decided it was time to sell these; the notes were expected to sell between \$5-8K. One note simply says- "Where there's a will, there's a way," which sold for \$240K, which you would think is a really impressive result, however the second note which said, "A calm and modest life brings more happiness than the pursuit of success combined with constant restlessness," was the highlight of the auction. The bidding started at just \$2K and after a 20-minute bidding battle, the room burst out in applause as this note sold for \$1.56M!! I would say the results were slightly better than the standard tip in 1922!

Now I have a bit of a follow-up: the relatively fiery Chinese sauce from McDonald's - their famous Szechuan Sauce - is back in the news! Last month I told you that McDonald's, as part of a marketing scheme, produced 5 bottles of the rare McNugget sauce and one ended up selling on eBay for a huge amount (in the neighborhood of \$15K). The notoriety of the sauce encouraged McDonald's to bring it back in a limited production, which backfired because McDonalds did not produce enough. Fans were so upset that McDonalds has now promised to make things right -- here is the statement they released, "We're bringing more — a lot more — so that any fan who's willing to do whatever it takes for Szechuan Sauce will only have to ask for it at a nearby McDonald's. We want to make this right. You're some of the best fans in this, or any, dimension ... and we plan to deliver on that promise as soon as possible. Stay tuned." Hope you all really enjoy your McNuggets – really, they're not just for kids anymore!

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## The Art Market

### My Pre-Season Rant

By: Howard

The BIG sales are just around the corner and every day we are learning about another 'important' work that is coming to the market this November. One of the more interesting is da Vinci's *Salvador Mundi* which is part of the Rybolovlev collection and at the center of a lawsuit he has with Yves Bouvier over his acquisition costs. Rybolovlev paid \$127.5M for the painting, but it appears that his adviser, Mr. Bouvier, got the work for \$80M ... nice commission. This one should be interesting as I have heard all sorts of guess on what the painting will make ... one person pegged it at \$310M. If that were to happen, I guess it would be both good and bad for Mr. Rybolovlev.

On top of that, there are a number of paintings that are being sold by the Berkshire Museum (40 in all) and among them are two Norman Rockwells (which were donated to the museum by the artist). The Rockwell family and other museum patrons are up in arms and have filed a lawsuit in hopes of stopping the sale. We should have more on this very soon as the cases are going to be heard on November 1.

I am still baffled by the salerooms' continued cross-marketing of works. Not that there is anything wrong with trying to get Contemporary buyers to consider 19<sup>th</sup> century or Old Master works, but those works need to be sold in their period sales. In Sotheby's Impressionist evening sale, there is a painting by Vilhelm Hammershoi (\$2.5-\$3.5M) ... an artist who works belong in the 19th century European sale the following week ... and a Georgia O'Keeffe (\$2.5-\$3.5M) which should be in the American sale the day before.

In addition, in the span of one week, Sotheby's will present their American Art; Impressionist and Modern Art and Contemporary Art auctions ... that is a lot to absorb!

The competition has given the sales just a little more room. They will be offering their Impressionist and Modern plus their Contemporary sales that same week, but moved their American art sale to the following week. What I found rather puzzling is that they will be offering Leonardo da Vinci's *Salvador Mundi* as lot 9B in their Post War & Contemporary Evening Sale ... didn't realize da Vinci was a Contemporary master! That one should either be included in a traditional Old Master sale or in its own sale ... not right before a Basquiat! Can we really say that da Vinci and Basquiat are, art historically, at the same level? It will be interesting to see if they are even on the same price level!!

This constant blurring of the lines really messes up people's understanding of the individual markets. Taking the top lots from the Old Master and 19th century periods and selling them in Impressionist or Contemporary sales can really prop up the results for those markets, while damaging the other sale results. Look, pulling a \$3M work from the 19th century sale is a biggie ... and pulling a \$100M plus work from the Old Master sales is just not right!

Anyway, let's get on with the warm-up sales.

### Post War/Contemporary & Italian - London By: Lance

The first big set of sales this season took place in London in early October featuring Post-War and Contemporary works. Both Sotheby's and Christie's not only offered their usual Evening and Day sales, but each also included a specially curated Contemporary Italian Art sale.

Sotheby's started the week off with a fairly ordinary showing... the sale totaled £50.3M (\$66.5M – est. £43.6-60.4M) which was good for the highest total at Sotheby's for this series of sales. Leading the way was Cy Twombly's *Untitled* (1962) bringing £6.4M (\$8.4M) on a £5-7M estimate. Hockney's *15 Canvas Study of the Grand Canyon* found a buyer at just over £6M (\$7.9M – est. £3.8-5M) – good for second. Rounding out the top three was Philip Guston's *Odessa* which brought in £3.75M (\$4.9M) on a £2.5-3.5M estimate. Other notable lots filled the sale, including works by Dubuffet (£3.2M), Basquiat (£2.9M), Calder (£2.8M & £1.6M), Richter (£2.5M) and Bacon (£1.9M). Initially 47 lots were to be offered but two were withdrawn early on, then two were pulled at the last minute prior to the sale... of the remaining 43 lots that actually made it to the block, 38 (roughly 88%) found buyers. Of the 5 failures, only one was fairly significant... and that turned out to be temporary. Lot 9... Basquiat's *Bronze* initially failed to find a buyer but somehow popped up the following day as the first lot of the day sale with a winning bid placed at £5.1M (\$6.6M). I'm not even sure what to say about this... apparently there are no rules anymore – I probably should also note that this Basquiat bolstered the day sale significantly... this one lot, of more than 200, accounted for 1/3 of the entire sale's total! Let's not forget about the Italian Art... Another 45 works were offered with just 31 sold. Collectively, that added £18M (\$24M) to the evening for a grand total of £68.3M (\$90.5M).

Christie's followed up with a solid showing... though they saw a higher BI rate, the sale felt stronger – we'll just not talk about the big failure (but seriously, I'll talk about it later). The top lot here was Basquiat's *Red Skull* selling for £16.5M (\$21.6M) on a £12-18M estimate. Taking second was Peter Doig's *Camp Forestia* bringing £15.4 M (\$20.1M – est. £14-18M) followed by Francis Bacon's *Head with Raised Arm* at £11.4M (\$15M – est. £7-10). The top 10 works, all which eclipsed the £1M mark, sold to anonymous buyers except one – Antony Gormley's *A Case for an Angel*, which set a new World Record price for the artist at auction, was sold to mega collector Yusaka Maezawa for a bit over £5M (\$6.9M – est. £5-7M). As I alluded to, there were a number of works, 11 in all, which did not find buyers... none more notable than Francis Bacon's *Red Pope* which accounted for £60-80M of the presale estimate; if the work had sold in that range, it would have made it the most expensive painting ever sold at auction in Europe. The total presale estimate for all 65 offerings was £168.4-236.3M, but with just 54 works selling (83%), they only achieved a total of £99.5M (\$130M) – well short of their

target. Christie's too held a sale of select works by Italian artists... the additional 31 lots brought in another £32.1M (\$42M), bringing the evening to £131.7M (\$172M).

While these were not the most robust sales in recent years, they were a nice warm up for the upcoming auctions we will see later this month in New York.

19<sup>th</sup> Century – New York  
By: Howard

On the last day of October, Christie's presented their 19<sup>th</sup> century offerings. We received the catalog a few weeks before the sale and to be honest, I was not impressed with the selection of works and the estimate ranges ... I had a feeling that trouble was on the horizon. Please note that the first price I quote will be the hammer price and I will also include the price with the buyer's premium (w/bp).

Taking the top spot was William Bouguereau's *Berceuse (Le coucher)* which made \$1.2M hammer (\$1.453M w/bp – est: \$700-\$1M). In fact, Bouguereau took the top three places: his *Sur le rocher* brought in \$750K (\$913K w/bp – est: \$600-\$800K) and *Entre la richesse et l'amour* hit \$480K (\$589K w/bp – est. \$400-\$600K). Rounding out the top 5 were Grimshaw's *A Moonlit Lane* at \$320K (\$397K w/bp– est. \$250-\$400K) and Gustave Moreau's *Le triomphe de Bacchus* at \$220K (\$275K w/bp – est. \$200-\$300K).

So now you might be saying: not so bad, right? Well, this sale had its ups and downs ... and sadly, there almost as many downs as ups. The painting with the highest estimate was Munnings' *Shrimp and Ponies at the Ford* (\$1-\$1.5M) which failed to sell. Their cover lot was Blanche's *Henriette Chabot au piano* (\$600-\$800K) and it passed – still trying to figure out why this was the cover lot?? Corot's *Le berger sous les arbres* (\$250-\$350K) could not muster any action --- but I believe that had a lot to do with the extensive cracking; while his *Bretonne avec sa petite fille* (\$400-\$600k) also received no interest (but if you look at the image, I think you will understand why ... one funny/stiff looking kid). And even Bouguereau was shunned when his *La Faneuse* (\$600-\$800K) was bought-in (it was also offered in 2015 with a \$700-\$1M est. and did not sell).

I could go on and on about each work in this sale, but that would take up pages and pages ... so let's get to the numbers. Of the 75 lots offered for sale, 42 sold (56%) and the total take was \$4.95M (\$6.1M w/bp) ... their presale estimate range was \$7.9-\$11.5M --- sadly for them, they fell well short. For a comparison, here are last year's numbers: 58 works offered, 36 sold (62%) and a total of \$3.63M (low end of the estimate range was \$4M).

As Led Zeppelin once stated ... The Song Remains the Same – here, there were just too many less than stellar works with estimates that made no sense. Without proper curating and estimating, these 19<sup>th</sup> century sales are going to fail. The weak results have little to do with interest in the period ... they are all about the works being offered and expected price ranges. Today, there are many options for sellers and we cannot use any one sale as an indication of the market's health. So many great 19<sup>th</sup> century paintings never make it to what were once the major New York sales – some are being sold privately through galleries while others are showing up in smaller sales around the world.

The Rehs Family  
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Gallery Updates: Come see us in Winnetka from November 2 – 5, 2017.

Web Site Updates: We have added and/or sold paintings by: Cortes, Berthelsen, Blanchard, Bentham-Dinsdale, Lemen, Rees, Scheff, Lopez, Dascanio and Gerhartz ... below, is a small selection of the recent additions:

## TRADITIONAL



John Bentham-Dinsdale  
*The First Capture, Feb. 9, 1799*



Antoine Blanchard  
*Bouquinistes, Notre Dame*



Antoine Blanchard  
*Avenue de l'Opera*



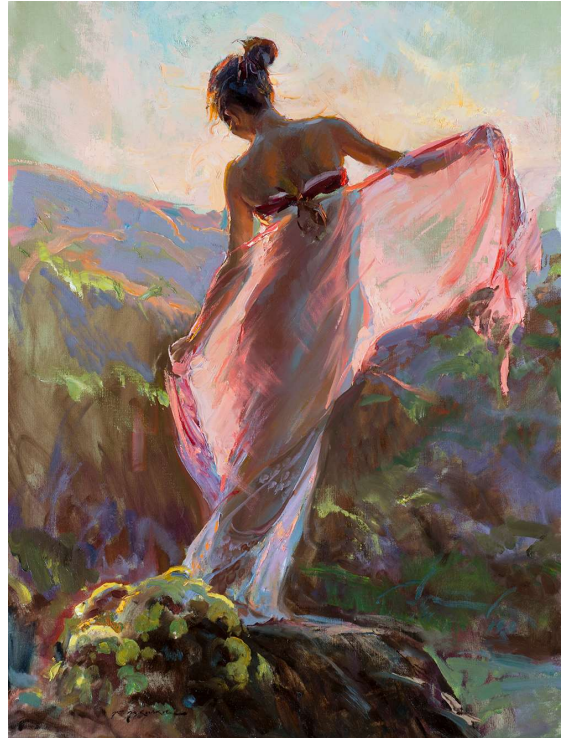
Johann Berthelsen  
*New York Stock Exchange*



CONTEMPORARY



Tim Rees  
*Dust and Drums: Dance of the Fulani*



Dan Gerhartz  
*Before the Sun Sets*

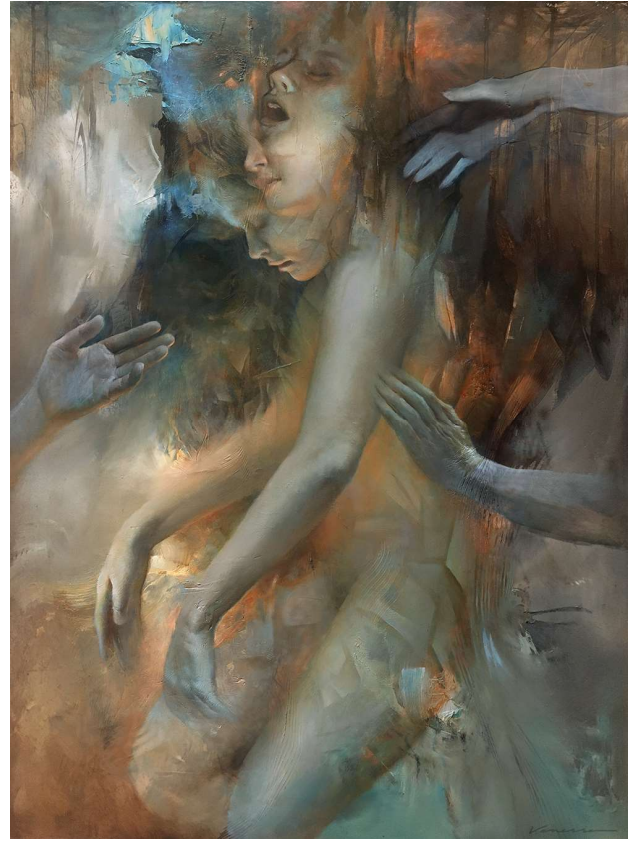


Emanuele Dascanio  
*Waiting for those Nights*

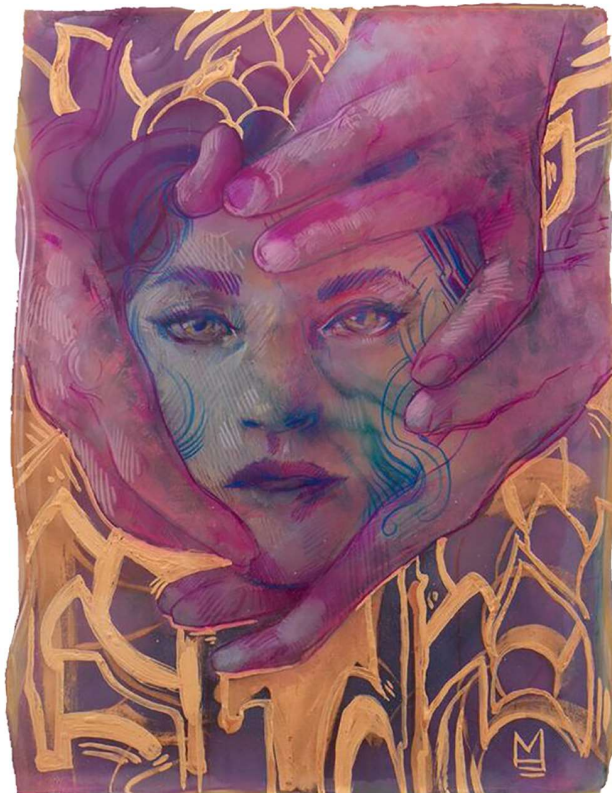




Sergio Lopes  
*Colorbreak*



Vanessa Lemen  
*Promise*



Mark Scheff  
*Always a Little Out of Your Depth*

Next Month: The really BIG sales.