

COMMENTS ON THE ART MARKET

VOLUME 131

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Dallas Show

One final reminder, we will be exhibiting at the Dallas International Art, Antique and Jewelry Show from November 2 – 6, 2011 ... this coming week. A link for a complimentary ticket is below.

Stocks

Thanks to all of our readers who called, sent emails and even letters, praising my comments on the stock market. So James R., the majority has spoken and I am going to continue my rants on this topic ... and just keep in mind that it is all done in fun so I hope you will continue reading.

As for the past month, I do not know what to make of it. When I finished this article, the Dow had just closed at 12,208 (up over 340 points for the day) ... it was another real sunny day on Wall Street – even though the sky in NY was dark and rainy. What an amazing turnaround from the beginning of the month, when the Dow was just over 10,650 ... each day we saw the market either improve or basically hold its ground. Wouldn't it be real nice to see this continue through the end of the year? We would all be whistling a much happier tune. I am just hoping we are not at the beginning of a giant rollercoaster ride ... you know, the ones which leisurely climb skyward, leaving you with a very relaxed feeling; until you reach the apex and realize you must come down ... at the speed of light and without brakes!

As for my favorite stocks, many are looking much better this month: GE - \$17.37; AT&T - \$29.47; CSCO - \$18.44; RIMM - \$21.28 (ok, this one still has a long way to go); VZ - \$37.63; Pfizer - \$19.84; Oracle - \$33.66; MCD - \$93.51 (gotta love those Big Macs); Altria - \$27.66, CTL - \$35.78; C - \$34.17, PDC - \$11.78 and my biggest holding (number of shares that is) – SNRS, still at .0001 ☹.

19th Century Sale in NYC

Well, Christie's finally put both feet back into the 19th century arena; they had a standalone sale in early October. Now I know James and Deb did the best they could, but the fact that Christie's decimated this department a few years ago made their job very difficult and sadly they discovered that the road ahead was still unpaved. When the dust settled, the market said that this time their best was just not good enough.

When the catalog first arrived I had a feeling that the sale was in for a bit of trouble; and after viewing it I knew this was going to be a hard group of paintings to find buyers for. I did attend the actual sale and quickly, I am sure, it became painfully obvious to them that most buyers were really not interested in works that had condition/quality issue ... at least that was the case on this day. Of the first 20 works offered, only 6 sold ... had that continued it really would have been a BAD DAY and heads may have rolled! Luckily there was a little improvement.

The sale consisted of 107 works that were broken down into small sections ... these included genre paintings, Barbizon, Orientalist, Sporting (an almost dead market) and Marine. Taking top honors was Boldini's portrait of Marthe Regnier that brought \$1.87M (est. \$2-\$3M). In second was a rather brownish Corot titled *Nymphes et faunes* that made \$423K (est. \$400-\$600K); this painting last sold in 2004 (a much stronger period) for \$680K -- it also did not help that the painting was offered in an April 2010 sale where it went unsold with a \$600-\$800K estimate. In third place was a rather lackluster Bouguereau – *The Muse* – at \$291K (est. \$150-\$250K - it last appeared on the market, back in 2005, with a \$250-\$350K estimate and did not sell). I will add that given the subject of this painting, the price achieved was a rather good one.

As with every sale, there were some interesting paintings (at least few that I liked); among them were: a small piece by de Nittis, *Portrait of a Gentleman...*, that made \$123K (est. \$100-\$150K) – not a very commercial painting, but for some reason I liked it; a rather freaky looking Gustave Dore titled *La famille du saltimbanque...* which brought \$170,500 (est. \$50-\$70K and last on the market in 2007 when it sold for \$48K); a nice Grimshaw featuring a Yorkshire lane in tones of green that made \$255K (est. \$200-\$300K); a nice John Emms – *Three Hounds and a Terrier...* – that made \$195K (est. \$200-\$300K); a small Lhermitte pastel which made \$86,500 (est. \$70-\$90K and last sold in 2007 for \$57,600) and Dawson's *Taking a Northwester...* at \$267K (est. \$180-\$220K).

And then there were those which had some real condition issues, whose estimates were not grounded in reality or were just not appealing to me – here are just a few: a large, rather poorly painted, Unterberger that failed to sell (est. \$30-\$50K) – thank goodness; a work by Benlliure y Gil which had a great subject matter (a group of figures on a balcony during a carnival) but really fell apart in the faces of the figures; it actually sold for \$212,500 (est. \$200-\$300K); a Brunery (a real nice subject, but the panel was cracked in a few places) which failed to sell (est. \$100-\$150K); a rather monochromatic Lépine that sold for \$68,500 (est. \$40-\$60K); a portrait by Corot of his nephew Camille Sennegon which had extensive pigment separation and was over-cleaned in areas ... it failed to find a buyer (est. \$250-\$350K); and a slew of sporting paintings whose estimates harked back to a time when people were actually fighting over these works ... as you will see, most did not find buyers.

Now let's get to the numbers. Of the 107 works offered 60 failed to sell, leaving a sell-through rate of just 44% - Yikes! The total take was just about \$6.6M (with commissions) ... they had expected more than \$8M (without commissions). Drilling a little deeper: there were 16 works that fell into the Realist/Barbizon period and of those 10 sold (a 62.5% sell-through rate) ... these included an early Ridgway Knight from the 1880s that made \$194,500 (est. \$100-\$150K and last on the market in 1996 when it sold for \$36,800) – I was surprised and very pleased with that result. There were 13 Orientalist pieces (no major works) and of those only 3 sold – a 23% sell-through rate ... so Middle East oil money wasn't going to save the day. 11 works fell into the British Victorian realm and 6 sold (54.5% sell-through rate ... about typical for this sub-category right now). There were 14 sporting/animal works and only 5 of those sold (35.7% sell-through rate) and there were 7 marine paintings, 5 of which sold (71.4% sell-through rate).

I even went so far as to break down the sold lots into those selling below the estimate (23), within the estimate (18) and above the estimate (6) ... not really sure what that means since we all know the estimates are just that, estimates; but I had some free time so now you have those numbers!

After viewing and attending the sale and then crunching the numbers here is my take: the best way to protect your money is to buy right; in other words, what you want to concentrate on are the best quality works that are in excellent condition. As we have seen from these results, mediocrity just does not cut it in a tough market – and we are in a tough market. Those works which were interesting did well for their owners ... just look at the Dore, Ridgway Knight and Lhermitte. I will also be the first one to admit that if the economy were chugging along (as it was in 2007), many of the works in this sale would have found buyers – and some would have made fairly strong prices.

November will have another test for our market when Sotheby's offers their selection of 19th century paintings. From the catalog it looks pretty interesting, but as we know, the proof is in the pudding and

then in the final numbers. I will add that I viewed this sale right before I printed this newsletter ... and overall, the pudding looks pretty good.

Tales from the Dark Side

There always seems to be something new...

Salvador Dali Society – Sergio Losapio sued Joseph Nuzzolo, Spartacus Enterprises (dba Salvador Dali Society) and Edward Okil for fraud and breach of contract and is seeking more than \$75,000. Turns out Losapio knew nothing about the art he was buying and relied on the 'expertise' of Nuzzolo to guide him. Allegedly Nuzzolo assured Losapio that he would protect his interest. Losapio goes on to say that Nuzzolo then steered him towards the purchase of a work titled *Atomic Champagne Glass* for \$169,000 and then had his complicit art appraiser – Edward Okil – set a fair market value of \$350,000. Nuzzolo even provided, in his "Sale and Representation", the following statement: "the painting in my opinion is worth on the open market, in an arm's length transaction, between a knowledgeable buyer and a knowledgeable seller at least as much as the purchase price paid by Mr. Lasapio to me for the painting." In addition, Lasapio bought a number of Dali lithographs at values he claims are highly inflated.

I guess Mr. Losapio figured he would cash in on his profit by taking the painting and auctioning it off at Christie's – where it sold for a total price of only \$33,115 – not much of a profit. Reminds me of my RIMM purchase! As I hear more on this matter, I will pass it on.

Marc Latamie – Laura A. Barbata brought suit against Paris art dealer Marc Latamie for not delivering a complete set of Andy Warhol's "Electric Chair" prints (\$400,000) and for not returning a \$25,000 deposit for another print whose sale was canceled back in 2008. Initially the Warhol set was delivered to Ms. Barbata, but it sustained damage while in transit and Mr. Latamie agreed to have it restored. The works were initially delivered to a restorer and then moved to an undisclosed storage facility by Latamie. Barbata has repeatedly tried to have the prints and her deposit returned ... no luck yet. I will keep you posted on this one.

R. Scott & Soussan A.E. Cook – a lawsuit has been filed against this art dealing couple (Cook Fine Art, Madison Avenue, NYC) by the Pennsylvania collector George Ball. The couple managed and stored Mr. Ball's collection and claimed that they sold a number of works (Picasso, Matisse, Klee) for just over \$5M through an auction in London. It was noted that when Mr. Ball's attorney pressed the Cooks for the proceeds they informed him that all the money was spent – Ouch! In addition, upon further investigation, no records of the works being sold at auction could be found. The couple are being sued for the return of works, valued at \$15M, and an additional \$15M in punitive damages.

Wolfgang & Helen Beltracchi – this art forging couple were sentenced this week to 6 years (for him) and 4 years (for her) after they confessed to selling more than \$22M worth of bogus works by Ernst, Campendonk, Derain, Leger and van Dongen (14 in all) ... actually, the total is likely more than 55 works, but most were excluded because of statutes of limitations. Among their victims was Steve Martin who bought a bad Campendonk from a Paris gallery in 2004 for 700,000 Euros. Before the problem came to light, Martin sold the work at Christie's in 2006 for 500,000 Euros (he took a little loss, but I guess that was better than the total loss he would have taken). In addition, a Cologne auction room (Kunsthaus Lempertz) sold 5 of the pieces. It will be interesting to see if they can retrieve all the forged works.

William T. Meloy – In my August issue I mentioned that this fugitive was wanted for passing bad checks at a number of antique shops in North Dakota and Montana. I am pleased to report that on September 16, Mr. Meloy surrendered to authorities in Great Falls, Montana. That is another 'dark side' member who is off the streets, at least for the time being!

Spanning the Markets

A few times each year I like to update everyone on happenings in other markets ... so here is the 'fall update'.

Surprises – A Goodwill worker spotted an old photograph in a bin and sent it to their online operation for further research. Turns out it was a tintype photo of General Robert E. Lee and it ended up selling for \$23,001 – nice! A painting, which came in with a pile of junk from the trunk of a car, turned out to be an authentic William M. Chase and sold for \$127K. A New York picker dropped off a box of stuff, which included a dirty painting ... once the dust was removed a Prendergast signature emerged ... the piece sold for \$165K. And, you have seen this kind of stuff on TV ... an abandoned storage unit was sold, sight unseen ... when the buyer went through the contents they discovered a collection of over 40,000 pieces of movie and TV memorabilia ... what a score that was. The trove will be sold at the end of this month and I will give you an update in a later edition.

Bones – at a sale, earlier this year, a pair of dinosaur skeletons, known as “The Fighting Pair” were sold for \$2.75M while a 19 foot long triceratops skeleton brought \$657K and a complete “great elephant bird” egg with unique embryonic bones made \$113.5k. Get out those shovels.

Decoys – The end of the summer always brings out some of the best in this market. Among the top sellers were an A. Elmer Crowell decorative running crew that made \$257K (beating the previous record of \$189K); a Lothrop Holmes swimming old squaw made \$218.5K and his old squaw drake made \$75K. Another decorative carving by Crowell, a wood duck, brought \$115K while his willet made \$57.5K and a rare sicklebill curlew decoy (est. \$15-\$25K) made \$112K (it was last on the public market back in 1986 when it sold for \$14K .. that was a reasonable return).

Money – this is always an eye-opener. A 1870 type two \$20 gold coin made \$345,000 (not a bad return) while an 1873 Liberty \$20 and an 1860 \$20 proof double eagle each made \$230K. An 1879 \$4 Flowing Hair made \$196K and a second one finished at \$184K (guess condition must have played a role here). A 1934 \$5,000 Federal Reserve Note came up for sale and made \$63,100 and an 1895 proof dollar (part of a set) made \$259K ... shows there is still strength in the US Dollar .. well, as long as it is really old!

Glass – I know, glass!? Yes, old glass bottles do make money and here are a few highlights: a Julius Goldbaum back bar bottle for Jule's Bourbon made \$25.2K; an 1865 C.C. Jerome & Co National Bitters bottle made \$13K and a Wormser Brothers barrel bitters bottle made \$18.5K. In addition, there were many others selling in the \$3,000 - \$10,000 range. Before you throw out those old bottles your grandparents collected, make sure you check them out.

Arms – an 1836 Colt revolver (one of the few surviving examples) made a record \$978K; an elaborate 1841 Ames naval officer's sword, presented to Mexican War hero James L. Parker, brought \$109K while a raised carved flintlock Kentucky rifle (.40 caliber) made \$89K. A 17th century Qing Dynasty cannon captured in the Boxer Rebellion made \$150K; an experimental 1915 Mauser nickel pistol made \$98K and a US Colt Model 1911 semiautomatic pistol brought \$109K (an auction record).

Oriental – to be honest, I really do not understand the prices paid for the items in the arena – the numbers are staggering. A pair of huanghuali continuous yoke back armchairs (17th/18th century) made \$1.5M; a zitan rectangular table, China, Qianlong period brought \$1.8M; a landscape painting by Li Keran made \$620K; an imperial cloisonné enamel twin vase made \$750K; a set of 6 unassuming 20th century bowl were estimated at just \$300-\$500 and when the battle ended the buyer paid \$374K – like winning one of those scratch off lottery tickets! An Imperial jade seal (bought by the seller in the 1970s for about \$1000) was offered at \$30-\$50K and when the war was over, the hammer came down at \$3.1M ... that is like winning the lottery!! All I can say is that this market is nuts!

Art – the summer always sees interesting works of art hit the peripheral rooms and here are just a few of the highlights. This first was a real shocker to me. A 14 x 19 inch still life by Richard Schmid (the artist

who mentors Katie Swatland) made a record \$69K. A Birger Sandzen landscape (measuring 60 x 80 inches) brought an auction record \$633K while a William H. Buck painting titled *Picking Cotton, Louisiana Plantation Scene* (12 x 20 inches) made \$327K.

Howard L. Rehs

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Gallery Updates: For the month of November we are open Monday – Friday and all other times by appointment.

Web Site Updates: Works by the following artists have made their way through the gallery: Joan Miro, Pablo Picasso, Julien Dupré, Frederick Morgan and Edouard Cortès. And look for new works by Pierre Alechinsky, Hannelore Baron, George McNeil, Antonio Jacobsen, Edouard Cortès, Antoine Blanchard and Warner Friedman that have been, or will be, added to the web site. A few of the new works are illustrated below:

TRADITIONAL



Antonio Jacobsen
The Nathaniel Blake – 1878

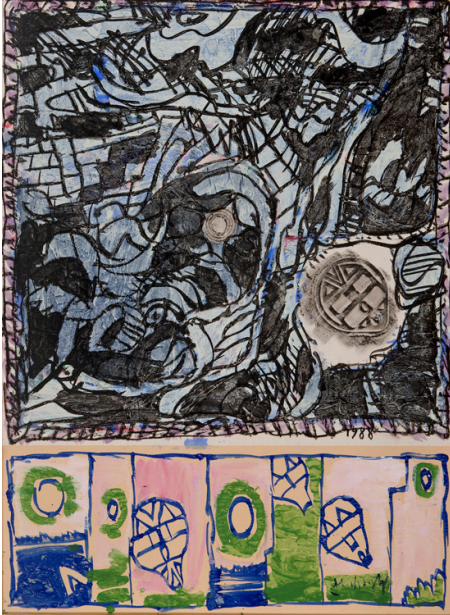


Edouard Cortes
Avenue de l'Opera



Antoine Blanchard
Theatre du Vaudeville

MODERN



Pierre Alechinsky
L'Air Porteur, 1988



George McNeil
Well, 1982

CONTEMPORARY



Warner Friedman
Dreaming

Next Month: The Art Market – November is the Big One!