

COMMENTS ON THE ART MARKET

VOLUME 181

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Happy New Year

We have had another remarkable year and thank all of you for being part of it. We wish each and every one of our friends and readers a very happy and safe New Year's Eve celebration. May 2016 be an outstanding year for all and we hope to see many of you during our travels.

The Really BIG News

About 56 years ago I met a gentleman who would have the most profound influence on my life ... my father, Joe Rehs. Ok, I was a newborn at the time and really had no idea who he was, but over the next 56 years he would teach me 'the facts of life' and that the most important lessons learned were to be honest and treat people the way you wanted to be treated. My father has been an amazing mentor and guide, and from the time I was a young child he has always been there for me.

Well, this December he decided enough was enough and as of December 31 he hung up his art dealing shoes and will be relaxing somewhere outside of NYC – not sure what he plans on doing (though he did just get his first iPad), but it won't be dealing with the 1 ½ hour drive, each way, in and out of Manhattan. I doubt most people really enjoy that. People always say that art dealers never stop dealing, so we will see what kind of trouble he gets himself into. Have no fear, if you happen to stop by during the months of January or February he will still be in the gallery ... after 54 years there are still a few things he needs to teach all of us ... Lance has already started his crash course in 'the books'.

In case you do not know, my father entered the art world in 1961 (working with my mother's family). In 1963, after my grandfather (Eddie Schillay) passed away, he and my grandmother started Schillay & Rehs. In the early years he was the driving force behind the organization and moved it from a strictly wholesale operation, importing about 600 paintings each month, to a full retail art gallery. In 1991, we bought out the last member of the Schillay family and changed the gallery's name to Rehs Galleries.

During the 1990s he gradually handed over to me many aspects of the business and let me run with it ... moving from a gallery that almost exclusively dealt in 19th century British Victorian works to one that has become a world leader in the areas of French Academic, Barbizon and Realist art. In addition, he gave me the freedom to begin the research projects on Julien Dupré, Daniel Ridgway Knight, Emile Munier and Antoine Blanchard and in turn, those helped open the door for my position on the Internal Revenue Service's Art Advisory Panel.

To date, I have had an amazing journey in the art world, and that was only possible with the guidance, love and support of my father. While he will not miss those annoying rush hour drives on the Belt Parkway, van Wyck Expressway and LIE, we will all miss seeing him every day; but I am pretty confident that we will still be speaking on a regular basis.

He and my mother are now entering a new chapter in their life and we know they are going to have a great journey. Dad, do not worry, you have left the gallery in good hands and I will be sure to teach your grandkids everything you taught me and they will carry on our business for decades to come.

Stocks

By: Howard

1 out of 3 ain't bad ... is it? In my last report I thought it might be time to stock up on some barrels of oil since the price was hovering around \$41.50 – well, this month it hit the \$36 level (closed out the year at \$37.52) – ouch! Now I might be tempted to recommend buying a few more barrels, but there was a report today stating that \$20 a barrel is a possibility. I also mentioned it might be time to buy some gold jewelry since gold was at \$1,064 ... this month it closed at \$1,060.90 – hope you held out. And for those of you who took my advice about travelling to Europe last month ... hooray! The Euro strengthened to \$1.087.

As for the overall stock market ... right now it seems to be going nowhere fast. We ended last month at 17,719 and closed out the year at 17,425 ... in case you forgot, we began the year at 17,823 -- so we are down for 2015. Oh well, hope 2016 is a better year for all of us little guys. I know, you are all anxious to know how some of my favorite stocks ended the year ... well, here are the numbers (unlike previous months, this one will show the year end closing number and the year to date percentages): JP Morgan (\$66.03 – up 5.66%), Exxon (\$77.95 – down 16.03%), GE (\$31.15 – up 24.3%), AT&T (\$34.41 – up 1.59%), Verizon (\$46.22 – down 1.58%), Wal-Mart (\$61.30 – down 28.64%), Coke (\$42.96 – up 1.95%), DuPont (\$66.60 – down 4.86%), Merck (\$52.82 – down 7.64%), Disney (\$105.08 – up 12.09%), Citi (\$51.75– down 4.63%), Intel (\$34.45 – down 5.25%) and Bristol-Myers (\$68.79 – up 15.59%). Sadly, the downs won in 2015.

The Dark Side

By: Alyssa

Leonardo Patterson, 73 – was sentenced to three years of home confinement, followed by probation, the loss of his passport and a fine of about \$40,000 on charges of dealing in forgeries and the possession of looted artifacts. Over the years, Patterson has been the subject of investigations by the FBI, Interpol, Mexico, Peru, Spain and Germany but received little to no sentencing at all. This time, on top of his sentences, Patterson must return two genuine ancient Olmec wooden head carvings valued at over \$50,000 a piece, to Mexico.

Larry Belitz – this Native American antiquities dealer has been hit with a lawsuit after his client, Dr. Reuben Setliff, found out many of the artifacts he purchased between 2008 and 2014 were fakes. According to Courthouse News, Belitz sold artifacts that supposedly were once owned by well-known Native Americans like Crazy Horse, Sitting Bull and Red Cloud when in fact he fabricated the stories behind many of the items. Setliff is seeking \$421,000 for the money he spent on the allegedly fraudulent artifacts and an additional \$500,000 in punitive damages for breach of contract, unjust enrichment, misrepresentation, deceptive trade, and violating the Labeling of Indian Products Law.

An Employee – at the Field Museum, whose job was to issue temporary memberships to museum visitors, was immediately terminated after failing to deposit the money to the museum's cash box. Over the span of seven years, she managed to bypass the system and take home about \$900,000 --- Wow! (the minimum membership fee is \$85). Charges against the employee have yet to be made; however, the case is in the hands of the federal authorities as the museum receives federal grants rather than local. Since news of the theft, the Field Museum has begun the process of making sure this issue does not arise again ... security cameras have been installed at all of their cash transaction sites.

Jonathan Markell, 70 – another antiquities dealer has been sentenced to 18 months in prison and one year of supervised release after being found guilty of making false declarations on customs documents in order to import looted artifacts into the United States. On top of those charges, Markell, along with his wife Cari, were sentenced to probation for a tax evasion scheme. The two would “package” about \$1,500 worth of smuggled items, along with an inflated appraisal of \$5,000, and sell them to clients. The client could then donate the items to a museum for a tax write-off. There was one final component of the Markell's plea agreement – they were ordered to pay \$25,000 to repatriate and return dozens of stolen antiquities from countries like Thailand and Cambodia.

Seems like there is one common thread --- greed!

Really!

By: Amy

Does celebrity ownership influence price? You betcha (at least in the short run) and here are a few regular items to prove it!

A year ago I wrote about a sale solely devoted to Winston Churchill in which his dispatch box, with an estimate of £5-7,000, sold for £158,500. Well, one might think that the auctions had learned their lesson about estimations, but they did it again. At a recent sale dedicated to the life and career of Margaret Thatcher, another of Great Britain's legendary Prime Ministers, the dispatch box she used from 1979 -1990 soared past the "conservative" estimate of £3 -5,000 and garnered £242,500 (\$367,388)!!! (Honestly, I thought that Churchill would be considered a far more important person in history and his dispatch box would have sold for more than Thatcher's, really!) By the way, you can buy a brand new dispatch box, if you happen to get elected to Parliament, for £3,500!

Did you know that Marilyn Monroe converted to Judaism before she married Arthur Miller? Her conversion certificate recently highlighted a sale of memorabilia, selling for \$70,400, just beating the high end of the estimate of \$60-70,000. If it weren't for Monroe's signature, would it even be worth the paper it's written on? \$5.95 is the cost to buy a conversion certificate today (plus, I guess whatever the tutoring fees are from the Rabbi... or you can take a class for about \$350).

Now here's an interesting item that spurred a spirited battle among many collectors -- Janis Joplin's 1964 Porsche 356C. Joplin had purchased the Porsche from a used car lot in 1968 for \$3,500 and had it customized with a psychedelic paint job which she titled "History of the Universe," making it one of the first "art cars." What is most interesting is that after her death, her brother had the custom paint job removed and it was painted its original dolphin gray. In the 1990s a decision was made to recreate the psychedelic paint job from old photos. So now the car was offered with a replica paint job and estimated to bring \$400-600,000 -- it sold for \$1.76M ... and auction record for any Porsche sold at a public auction! Could you imagine what it would have made with the original painting job still intact? In case you are wondering, depending on condition, you can buy a 1964 Porsche 356C in the \$30-200,000 range! Without the custom paint job, of course!

And this "out of the ordinary" find comes from the happiest place on earth ...you know the place, Disneyland. This recent result sets the record for the most valuable piece of Disney memorabilia ever sold ... a pair of the original PeopleMovers from the Tomorrowland section in Disneyland, really!? The ride originally opened in 1967 and closed in 1995, and was designed as a prototype for a mass transit system that never happened in the real world. In addition to the vehicles, the lot included the original blueprints, shop manuals, and features a working PA and music system. There was a very aggressive, in my opinion, estimate of \$200-300K, because let's face it, what are you going to do with a PeopleMover, really? Well to my surprise it sold for \$471,500. If I find out who bought it, I will let you know; as for now, they wish to remain anonymous.

Hope everyone enjoyed the holidays and I wish all of you and your families a very happy, healthy and prosperous New Year!

The Art Market

A Year End Summary

By: Howard

At the end of 2014 I stated that we had one impressive year for the art market; well, 2015 was even better. In March, TEFAF's art market report for 2014 was released and the numbers, which were mighty impressive - €51 billion (\$70B using the March exchange rate) in art being sold globally, confirmed my thoughts. The €51 billion exceeded the previous high of €48 billion which took place in 2007 -- prior to the global financial meltdown. In addition, the United States accounted for 39% of all sales, China and the United Kingdom tied for second at 22%. I cannot wait to see what the reports shows for 2015. One would think that with all the record sales taking place, the numbers should be higher ... we will find out very soon.

Within the 2014 report were a couple of interesting numbers. Art dealers represented 52% of the market leaving 48% to the public forums. Within the public forum, there were about 1,530 works that sold for more than €1M and 96 sold for more than €10M -- a 17% increase from 2013. The combined total of the 1530 works accounted for 48% of the value of the fine art auction market -- that is amazing; however, the real

interesting statistic is that those works only account for 0.5% of all the art sold (that works out to about 306,000 works). The report also points out that the art market is made up of about 309,000 companies (most of them small businesses) and combined they employ about 2.8 million people; that does not include all the support businesses like packers, shippers, photographers, etc.

Throughout the past year we have covered an enormous number of sales and some of the results were mind numbing. Who can forget the May sales when Picasso's *Les femmes d'Alger (Version 'O')* made a record \$179.3M, a Giacometti sculpture, *L'homme au doigt*, brought \$141M and the total for the two weeks of sales came close to \$3 billion --- yes, that is a 'B' for billions! Dr. Evil would love it.

We then made our way through the summer and fall months with many more impressive results both in the US and abroad and finally landed in November with the next group of major sales in NYC. Ok, so the Modigliani only made \$170.4M and the \$2.3 billion two week total was not as impressive as the almost \$3 billion in May, but come on, \$2.3 billion is a serious amount of moola! In addition, when we combine just those 4 weeks of sales, over \$5 billion work of art traded hands. No matter how you want to look at that, those totals are amazing!

In our tiny spot of the art world – 19th / 20th century Academic – we saw many amazing works of art pass through the gallery; among them were: Munier's *Feeding the Chicks* (1889); Vlaminck's *La Route*; Dupre's *Femme a la brouette* and *La jeune laitiere avec son troupeau*; Boudin's *Bordeaux, bateaux sur la Garonne*; Dawson's *Ocean Greetings*; Ridgway Knight's *Madeleine & Maria on the Terrace* and *Contemplation, The Day's End*; Corot's *A Seaport in Pays de la Loire* and *Paysanne gardant une cache au bord de l'eau*; Cropsey's *Greenwood Lake* (1871); del Campo's *Canale della Giudecca...*; Ortega's *A Summer Afternoon, Venice*; a few by both Aston Knight and Guy Wiggins and let's not forget the dozens of works by Edouard Cortes and Antoine Blanchard.

On the contemporary side of our business, our artists experienced pretty strong sales and we were pleased to add some new talent to the roster – including Anthony Mastromatteo, Karl Jensen, Mark Daly, Sharon Hourigan and most recently, Katie Swatland. In addition, we have 3 gallery exhibitions scheduled for 2016. In April we will be featuring the talented artist from the Ani Art Academies, in May we are planning an exhibition featuring the landscape works of Ben Bauer, Erik Koppel & Ken Salaz and after the summer we will present the ARC exhibit ... stay tuned for more on these exciting shows.

In addition, the gallery is scheduled to participate in a number of art and/or antique shows during 2016. In January we will be exhibiting at both the Los Angeles Fine Art Show & LA Art Show (this year we will have two booths – one in the historic show and another in the contemporary show). In February we travel to Palm Beach and Naples for the big exhibits there. Over the summer we will be showing in Newport and Baltimore and then in the spring we are scheduled to exhibit in the Winnetka, New York and Palm Beach shows. We will keep you all posted.

Like we always stress, as you move through the art world, do your homework, find people you can trust, buy works of art you want to live with (not something you think your friends will like) and most importantly ... enjoy the ride.

The 19th Century – United Kingdom

By: Lance

Now that all of the headlining sales are behind us, we can move on to a more relevant topic for us... 19th Century European and Victorian art. As you may expect, there was very little hype and the numbers were not overtly strong but as usual, the quality works found buyers and made good prices while works with condition issues struggled.

Kicking off the week in London was Christie's 19th Century European and Orientalist Art. The top lot of the day was a dark and moody forest interior, titled *Remise de cerfs* by Gustave Courbet. Estimated at £250-350K (\$380-530K), the work found a buyer at £338.5K (\$513K); more than two and a half times what it brought back in 2001 when it sold for \$193K in New York. Taking second was German artist Wilhelm Leibl's *Mädchensbildnis mit Weißem Mullhut: Springtime*. With an estimate of £200-300K (\$310-460K), the painting fell just shy at £194.5K (\$295K); the seller turned a sweet profit though as the work was acquired in a sale in Germany in 1994 for just \$19K! Rounding out the top three was Daumier's *La Chanteuse de Rue*, which came out of a private collection without a previous auction record. The work was estimated at £80-120K (\$130-180K) but surpassed that range with a selling price of £134K (204K). A couple of the featured works in

the sale failed to find a buyer; those works included a portrait of a woman by Boldini brandishing a £400-600K estimate along with the cover piece by Alberto Pasini, *Mercato a Costantinopoli*, which failed to sell with an estimate of £700K-1M. In all, 21 of the 68 works failed to find a buyer, yielding a 69.1% sell through rate with the top 10 lots accounting for more than 50% of the sales total take. The sale was expected to bring between £3.16-4.62M, so they were well short of their target as the 47 sold lots only garnered £2.4M combined.

The following day was Christie's Victorian, Pre-Raphaelite & British Impressionist art and the results were not much different than the day prior. The top lot here was an excellent work by John Atkinson Grimshaw. In usual fashion, the work was eerie with a moody yellow-orange sky and a single figure standing just outside the walls of an old mansion (we have a very similar Grimshaw available at the gallery now). The work was estimated at £200-300K (\$310-460K) but surpassed that mark at £314K (\$473K). Taking second was Henry Treffry Dunn's work *Proserpine*, which was completed under the direction of Dante Gabriel Rossetti. The work landed just above the £150-250K (\$240-390K) estimate as it brought £266K with the buyer's premium. Not far behind in third was Sir Edward John Poynter with *Zenobia Captive*. The work was featured on the catalog cover and has been offered twice before, most recently at Sotheby's London in 1993 where it sold for £25K (\$38K). This time around, the work found a buyer at £230K (\$346K). The overall results were fairly mediocre with just 52% of the works finding a buyer and a grand total of £2.9M, with the top ten lots accounting for nearly £2M (66% of the sale total).

Shifting focus to Sotheby's, the picture looked very much the same... Sotheby's 19th Century European paintings offered a decent selection of mid-level paintings. Leading the pack was Helene Schjerfbeck's *Girl with Blond Hair* at £869K (Est. £500-700K - \$1.3M). Taking second was another work by Schjerfbeck; this canvas was a still life of lemons in a bowl. The small canvas was estimated at £300-500K but surprisingly beat that range as it brought £533K (\$802K). Rounding out the top three was a work by Anders Zorn featuring a heavier-set, partially nude, woman getting dressed in a traditional green Mora costume. The work was estimated at £400-600K and hit that mark as the premium bumped it up to £400K (\$730K) even. The overall results were bolstered by the works of Schjerfbeck along with a few unsuspecting, but well-performing lots including works by Courbet (Est. £30-40K and sold for £131K), Raffaelli (Est. £40-60K and sold for £112K), and Carl Moll (Est. £20-30K and sold for £106K). In the end, 33 of the 91 works failed to sell yet the total take, £4.89M (\$7.3M), approached the low end of the sale estimate at £5.1M.

Finishing off the week was Sotheby's Victorian, Pre-Raphaelite & British Impressionist art which fell in line with the previous sales this week. The top lot was a nude by Sir Lawrence Alma-Tadema, *The Sculptor's Model*, bringing £965K (\$1.44M) on an £800K-1.2M estimate. In second was a surprising result with John William Waterhouse's *Miranda* bringing £580K (\$868K) against just a £150-250K estimate. Sir George Clausen's work *The Ploughboy*, which was featured on the catalog cover, nabbed the third spot at £365K (\$545K – Est. £300-500K). Other top lots of the sale included Edward Burne-Jones, two works by Atkinson Grimshaw, Munnings and Rossetti. At the same time, there were a couple of big failures on the day which included works by Frederic Lord Leighton (Est. £700K-1M) and Sir Frank Dicksee (Est. £300-500K); add in the other 24 unsold works and that gives us a 64% sell through rate and a grand total of £3.9M (Est. £4.6-7M).

The Rehs Family

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Gallery Updates: As mentioned earlier, we will be exhibiting in Los Angeles at the end of the month ... we will be posting more information about that exhibit very soon.

Web Site Updates: We are pleased to mention that works by Wiggins, Kluge, Aston Knight, Maurice Levis, Edouard Cortes, Mark Daly, Omar Rodriguez and Stuart Dunkel made their way through the gallery this month. In addition, below is a small selection of the recent additions:

TRADITIONAL



Edouard Cortes
Tuilleries Garden



Edouard Cortes
Flower Market, Madeleine

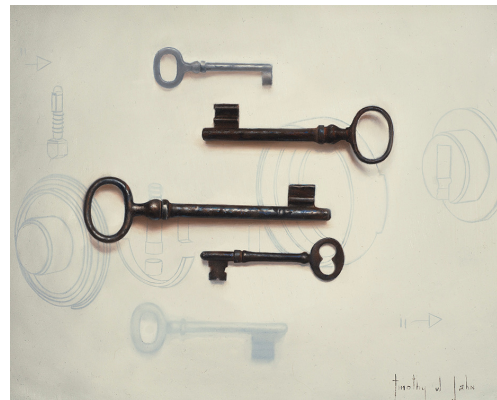


Louis Aston Knight
My Mill

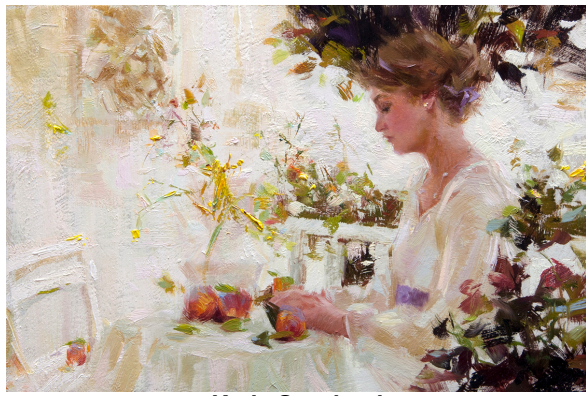
CONTEMPORARY



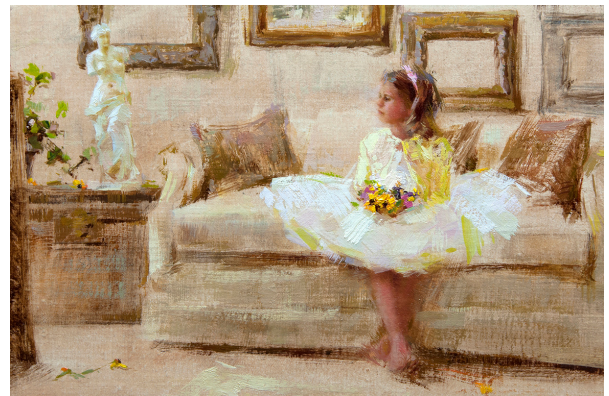
Anthony Waichulis
Fireworks II



Timothy Jahn
Not All Keys Fit



Katie Swatland
The Secret in the Garden



Katie Swatland
Eloise



Mark Daly
Flags & Snow (New York City, USA)



Karl Jensen
Unbound



Sharon Hourigan
Brave



Edward Dillon
Bearer of the Cosmic Fire

Next Month: Not sure yet.