

# ART ADVISORY E-BULLETIN

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# SPEAR'S

WEALTH MANAGEMENT AWARDS  
**WINNER 2012/13**

**1858 Ltd International Art Advisory**

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**1858 Ltd, Winners of Spear's Wealth  
Management Awards**

The Spear's Wealth Management Awards once again celebrated the country's top bankers, lawyers, entrepreneurs and philanthropists for their successes, innovations and acumen in the year 1<sup>st</sup> July 2011 to 30<sup>th</sup> June 2012. The awards ceremony, which took place on 30<sup>th</sup> October 2012, saw 1858 Ltd win this year's Art Adviser of the Year award.

We would like to thank all of our colleagues, clients and partners for their on-going support and share this award with you.



Ross Westgate, CNBC, with 1858 Ltd's Viola Raikhel-Bolot and Harvey Mendelson, at the Spear's Wealth Management Awards 2012/13

## Extraordinary Sales In New York

The art market, particularly auction sales, seems to have resisted the economic turmoil of the past few years. With each auction season, critics observe closely for signs that this might be about to change.

November's autumn auctions at Sotheby's and Christie's in New York certainly took many by surprise.

The week began with both houses' failing to reach even the low estimate of their Impressionist and Modern Art sales. At Sotheby's 21 lots out of the 67 did not sell, with 11 of these being in the last 17 lots.

This shows a growing trend in the market that collectors are unwilling to buy less significant, 2<sup>nd</sup> tier works. In fact just under half of the sale's total was made up by the bids on six Picassos, including one drawing, 'Le Viol' which sold for \$13.5 million, over double its high estimate. At Christie's too, three of the top 10 lots were Picassos. However, they also had 21 unsold lots, this time out of 69. Despite this there were some impressive results, including a new record for an early and rare Wassily Kandinsky which sold for \$20.5m. The top sale of the evening was for Monet's 'Nymphaes', which reached an astonishing \$43.8m. Otherwise, many bids barely reached the low estimates, which numerous critics blamed on the estimates simply being too high. Some believe it is the competition between the houses that had caused them to be pushed up unrealistically, whilst others lamented the shortage of top quality works. Simon Shaw, head of Sotheby's Impressionist and Modern department said it was clear that there continued to be 'a search for quality' in this market and that it was only this quality which attracted high bidding.

By contrast, the Contemporary sales seemed to break all the records, and for Sotheby's the evening sale total of \$375,205,000 was the highest result for an evening sale in its history. 43 out of 58 lots sold for over the \$1m mark, and of these 17 went for over \$5m and 7 for over \$15m. These high bids created new auction records for five artists, including Jackson Pollock. The total at Christie's was even higher, and at \$412,253,100, it was their second best result ever. Only six lots were left unsold, with 55 going for above \$1m, and 6 over \$20m. One of these was Jeff Koon's 'Tulips' which sold for \$33.7m, setting one of the seven new auction records for artists that night.

Both houses noted that the week of sales had attracted buyers from outside the States. In particular Asian buyers made their presence felt, with two of Christie's Picassos being bought by Asian collectors. Investors from South America and Russia were also present. The results seem to confirm that there are still buyers out there willing to pay impossibly high prices, but only for the best, highest quality artworks. Although modern art has generally been the most sought after genre, many felt there were too few top quality works on offer this season which left contemporary art soaring ahead, taking many by surprise.



Jeff Koons, 'Tulips' executed 1995 – 2004, sold at Christie's in New York on 14<sup>th</sup> November for \$33.7m, breaking the artist's auction price record.

## The Fine Art Of Investing In Art

1858 is again delighted to have contributed to a recent edition of Family Office Review, highlighting the key steps in the collecting process.

Although mastering the crucial balancing act between aesthetic appeal and financial returns is not an easy one, the first step must always be finding an artwork you love. It is also important that you have a good understanding of the artist in question's full body of work to be sure that the artwork you have chosen is of the best quality and best represents a period or style of his work. A work's provenance can make a huge difference to its worth, and in the current market pieces from private collections with a good exhibition history are in high demand. This is not a definite rule however, but knowing where a work has been shown and who has owned it is of the utmost importance nonetheless. An independent condition report is a must, and once the work has been purchased it is necessary to revalue it on an annual purpose for insurance purposes – insurance, obviously, goes without saying.

Every step of this process is best done with the expert knowledge and impartial advice of an art advisor. It is always important to remember who the seller is, as dealers and auctions houses will be selling consigned and existing stock focusing on business profits and in-house commissions, meaning their advice can be skewed. An art advisor's independence ensures genuine unbiased advice, and this independence also allows for leveraging discounts and providing complete transparency in transactions. To avoid the potential pitfalls of the marketplace, it is vital to be well advised and apply the same level of due diligence to your art investments as you would to more traditional investments.

## **The Art Heist Of The Century**

It has been over a month since seven paintings were stolen from Rotterdam's Kunsthall Museum. Two Monets, 'Waterloo Bridge, London' and 'Charing Cross Bridge, London,' both from 1901, Matisse's 1919 'Reading Girl in White and Yellow', Picasso's 1971 'Harlequin Head', Gauguin's 1898 'Girl in Front of Open Window' and two portraits, Meyer de Haan's 1890 'Self-Portrait' and Freud's 2002 portrait 'Woman With Eyes Closed' were all taken in what is being dubbed the art heist of the century.

Together the paintings could be worth hundreds of millions of euros according to Chris Marinello from The Art Loss Register, a company which tracks stolen artworks. The thieves were in and out with their loot within two minutes, to the dismay of police who arrived five minutes after the alarm sounded, leading many to believe that they may have got hold of inside information. Art experts warn that although no respected art dealer would help the burglars sell the paintings, it might be a case of an underground debt repayment meaning they may not ever be put up for sale and coincidentally the theft has been linked to a \$650m seizure of cocaine in Antwerp days before.

Despite the best efforts of the Rotterdam police who are endeavouring to find the paintings which were part of the Triton Foundation's art collection, with no new developments in the case weeks later, many experts fear that the paintings will disappear into vaults and run the risk of not being seen again for decades yet.



The seven paintings stolen from the Kunsthall Museum in Rotterdam on 16<sup>th</sup> October 2012.

## **Hurricane Sandy: A Harsh Reminder About The Necessity of Adequate Insurance**

Despite their efforts to be prepared in anticipation of Hurricane Sandy, most people were taken completely by surprise at quite how ferocious she was. New York's Art community was particularly badly hit, with what is now believed to be hundreds of millions of dollars worth of damage caused to artworks and gallery spaces. Chelsea, New York's famous art district, was left utterly devastated after water from the River Hudson washed in as high as six feet, but so too were art hubs Brooklyn, Greenpoint and Red Hook. Not only has the water left considerable damage but the force with which it entered left spaces unrecognizable. With most galleries operating on ground floors with their storage facilities at basement level, this is truly their worst nightmare.

Leading art insurer AXA Art estimated that their losses in Chelsea and Lower Manhattan, where they have 300 clients, stood at \$40m – a number which only reflects the art itself, and not the spaces where it was housed. Astoundingly, this figure is comparatively small when weighed up against the \$1 billion of art they insure in Chelsea alone. But of course, AXA Art is just one of many companies offering art insurance and, moreover, this does not take into consideration the many galleries who will not be insured at all against flooding. Christiane Fischer, CEO of AXA Art, assured that all reputable dealers would have their art property covered. Nonetheless, many critics fear that the middle-tier galleries, already struggling through the recession, will find this crisis difficult to pull through.

However, aside from the woes of insurance and the fact that insurance premiums will now soar, the usually dog-eat-dog art world seems to be coming together to help each other through this unexpected trial. Examples include Ed Winkleman of Winkleman Gallery's proposed 'adopt-a-gallery' model which would see larger businesses lending gallery space to smaller galleries so their shows can continue whilst the rebuilding of their space is underway. MOMA is also offering "a free public presentation on recovering wet art and cultural materials" whilst art organisations, including the Art Dealers Association of America relief fund and the American Institute for Conservation Collections Emergency Response Team, are offering emergency aid where they can.



A photograph being removed from 303 Gallery, Chelsea, NY on 31<sup>st</sup> October

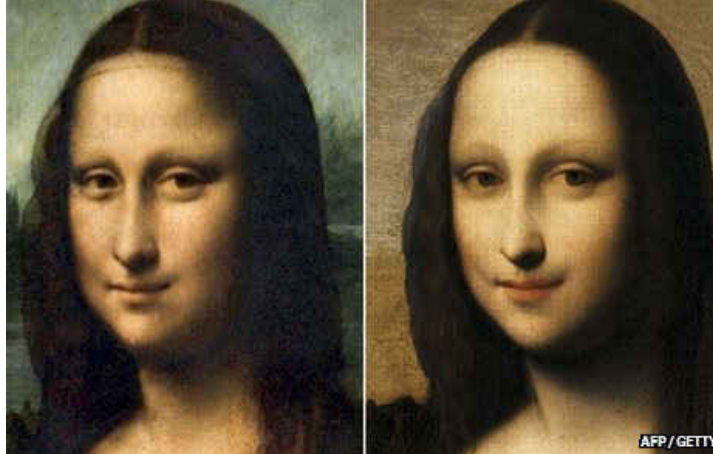
## A Second Mona Lisa? The Troubles of Authentication

The authentication process for artworks is often lengthy and complicated and only rarely are new discoveries made. Unsurprisingly then, a painting argued by some to be by Leonardo da Vinci is still the subject of serious debate. In addition to potentially being by one of the world's most famous artists, it portrays his most famous subject, the Mona Lisa. The painting, known as the Isleworth Mona Lisa, used to belong to British art collector Hugh Blaker before it eventually ended up in a bank vault in Switzerland and has recently been the subject of much press after non-profit organisation the Mona Lisa Foundation claimed it was an authentic da Vinci.

It is not the first time that the painting has been questioned as a possible da Vinci. Reports of such claims can be found in press archives from the early 20<sup>th</sup> century and are now also presented in a book, titled 'Mona Lisa: Leonardo's Earlier Version', published by the Foundation in conjunction with the presentation of their claim in Geneva in September. More interesting perhaps is that scholars have debated the existence of a second Mona Lisa since as early as the sixteenth century.

However, despite the Foundation's mathematical analyses, regression testing and academic research, all of which was put forward at the unveiling as well as in the book, the claim is yet to be widely accepted. Alessandro Vezzosi, director of the Museo Ideale Leonardo da Vinci, said it was interesting but needed further study, while leading da Vinci scholar Professor Martin Kemp is more skeptical about the claims, and says that the motives behind the authentication are likely to be financial, all the more because the consortium who own the work are remaining anonymous. Kemp believes the painting could be worth as much as £200m if identified as genuine. Unlike him, Kemp's contemporary Carlo Pedrotti, hailed the findings as an 'extraordinary contribution to scholarship'.

Whether about scholarship or financial worth, the authentication is important. With the art market remaining strong despite tough economic climates and artworks now seen as genuine alternative assets, authentication has become a crucial element in the due diligence process, and is often the major factor that determines an artwork's value. Regardless of the motive, the debate is likely to continue.



Leonardo da Vinci's 'Mona Lisa' on the left, and the disputed 'Isleworth Mona Lisa' on the right.

## Clooney's Next Blockbuster : An Art History Thriller

One of the history of art's most fascinating stories is to be made into a film by George Clooney. His newest film will be based on Robert M. Edsel's novel 'The Monuments Men: Allied Heroes, Nazi Thieves and the Greatest Treasure Hunt in History'. The monuments men were a special group of men and women, all art experts, who travelled across Europe during the final year of World War II searching for art, lost and stolen under the Nazis. Their bid to prevent the destruction of thousands of years of culture saw them put their lives at risk but successfully save tens of thousands of artworks in their desperate race against time.

The real life characters, including leading art conservationist George Stout and French art historian and member of the Resistance Rose Valland, will be played by an all-star cast which includes Clooney himself as well as Bond star Daniel Craig, Cate Blanchett and Bill Murray amongst others. 'Monuments Men' is due to start filming in March 2013 and Clooney is promising 'big entertainment'.



Two monuments men seen here inspecting Rembrandt's 'Self-Portrait'. They are set to be immortalized in George Clooney's newest film.

## 1858 Ltd Art Advisory

Buying  
Selling  
Authentication  
Valuations  
Auction representation  
Collection Management  
Art Philanthropy Advice  
Art Finance  
Art related Tax and Estate

## Art Calendar Highlights

### Light from the Middle East: New Photography

13<sup>th</sup> November – 7<sup>th</sup> April 2013

V&A, London

[www.vam.ac.uk](http://www.vam.ac.uk)

### A Bigger Splash: Painting After Performance Art

14<sup>th</sup> November – 1<sup>st</sup> April 2013

Tate Modern, London

[www.tate.org.uk](http://www.tate.org.uk)

## How an 1858 advisor can help you:

- **Exclusive Access** to works of art in private collections that are not available on the market
- **Impartial Advice** being independent of auction houses, galleries and dealers, we provide impartial advice when buying and selling on behalf of our client
- **Time Savings** as we are able to manage all areas of the collecting process on our clients behalf, we are able to build or sell complete collections with as much or as little involvement from the client as they wish
- **Direct Savings** due to our buying and negotiating capabilities we significantly reduce transactional charges which in turn we pass directly on to our clients
- **Reducing Risk** by undertaking thorough due diligence on all transactional decisions, we ensure that potentially costly mistakes are avoided and the client has complete confidence in the decision made.

+44 (0) 207 590 3112  
contact@1858ltd.com  
www.1858ltd.com

### Dali

21<sup>st</sup> November – 25<sup>th</sup> March 2013  
Centre Pompidou, Paris  
[www.centrepompidou.fr](http://www.centrepompidou.fr)

### Matisse: In Search of True Painting

4<sup>th</sup> December – 17<sup>th</sup> March 2013  
Metropolitan Museum of Art, New York  
[www.metmuseum.org](http://www.metmuseum.org)

### Art Basel Miami Beach

5<sup>th</sup> – 9<sup>th</sup> December  
Miami Beach  
[www.artbaselmiamibeach.com](http://www.artbaselmiamibeach.com)

### Constable, Gainsborough, Turner and the Making of Landscape

8<sup>th</sup> December - 17<sup>th</sup> February 2013  
Royal Academy, London  
[www.royalacademy.org.uk](http://www.royalacademy.org.uk)



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