

Collecting

Could blockchain help to block art market fraud?

Auction houses dip toes in digital transactions; High Court case over Gauguin; confidence falls for recent art

The Art Market

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Could [blockchain software and cryptocurrencies](#) such as bitcoin, which it supports, revolutionise the art market? Proponents of the technology, which can record and validate digital transactions on a secure database, see it as potentially solving problems surrounding authentication of art and its opaque money trail.

Tefaf's first and comprehensive "Online Focus", published on June 29 with e-commerce data from Invaluable, found that three-quarters of a sample of 39 online art sales platforms (including Christie's and Sotheby's) broadly "intend to offer blockchain technology within the next five years"—though more than 80 per cent of 90 responding galleries in the survey (including 51 Tefaf exhibitors) say they have "no intention" of using it.

Also last week, London's Dadiani Fine Art announced that it would be the first British gallery to accept bitcoin and other so-called alt-coins, from July 14. Despite promising verification and lower transaction costs, the Tefaf report finds less appetite for virtual currencies: again, the great majority of galleries, auction houses and intermediaries have no plans to take payment in this way.

Business manager Miguel Neumann, currently raising funds for a proposed art exchange called Maecenas, says that [blockchain technology](#) could "guarantee" provenance documentation, validated by market players rather than a central authority. Neumann is looking to

raise £400,000 for the business and is three-quarters of the way there. “I am hopeful that we will get over the threshold but this is a conservative market and it could take a few years for a broad adoption of what blockchain can offer.”

The potential for the quirky art market seems embryonic at best, despite a thirst for more reliable information. Data are only as good as the person who enters them — plus, according to the Tefaf report, 20 per cent of 673 dealers have no intention even of moving online, so sophisticated [fintech](#) solutions seem a long way off.

Beware whispered prices for art. A court case reveals that Gauguin’s “Nafea faa ipoipo” (1892), believed to have been the most expensive painting ever sold when it went to the Emir of Qatar for a rumoured \$300m in a private deal in 2015, in fact sold for \$210m. This would make it the second-most expensive art sale — though the \$250m paid for Cézanne’s “The Card Players” (c1893), again by Qatar, was also a private deal, so we can’t be sure.

The real Gauguin price is among the revelations in a case at London’s High Court in which brokers Simon and Michaela de Pury say they are owed what the claimants’ court papers describe as a “promised commission” of \$10m from Ruedi Staechelin and the two other trustees of the New York-registered Staechelin family trust, the legal seller of the work.

Jeremy Scott, a principal at Lipman Karas who is representing the trustees, says their primary defence is that Simon de Pury “forfeited any right to a commission” because he “perpetrated a deception” to hide the fact that Qatar had made an earlier offer of \$230m for the work. The claimants deny any dishonesty in their opening submissions and declined to make further comment.

The case is set to continue this week, with judgment not expected until the autumn. Once again, issues of who gets commissions, the levels at which they are set and the art market habit of not putting such things in writing can be expected to come to the fore.

ArtTactic's latest report on the postwar and contemporary art market finds a 13.4 per cent drop in confidence in the next half-year from 130 art market players, compounded by "an increasing negative outlook for the global economy in the next six months". A reversal of this year's recovery to date is unlikely, but the pace "could be slowing down", the report states, citing a more modest 8.6 per cent year-on-year growth of auction sales globally at Sotheby's, Christie's and Phillips in April and May, compared with 61.8 per cent for the first three months of 2017.

Meanwhile, Phillips and Bonhams joined Sotheby's in voicing their support of London's summer sales in the categories, a response to Christie's decision to pull out of the season's offerings this year. The totals made were not staggering — £44.3m (£60.6m with fees) at Sotheby's; £20.2m (£24.4m) at Phillips and £5.8m (£7.1m) at Bonhams — but sell-through rates were high, helped by guarantees. Key moments for lucky speculators included an auction record for Wolfgang Tillmans at Phillips when "Freischwimmer #84" (2004) sold for £500,000 (£605,000 with fees, not guaranteed) having sold at the same auction house in 2012 for £39,650 (with fees).

At Bonhams's, Mark Bradford's "Dream Deferral" (2009) went for £1.3m (£1.6m with fees, third-party guarantee), having sold at Christie's, London just two years previously for £902,500 (with fees).



'From the Outside 2' (2017) by Lulwa Al Khalifa, on show at St Martin-in-the-Fields, London

Last week saw the opening of *I Am*, an exhibition of works by 31 Middle Eastern artists from 12 countries in the crypt of St Martin-in-the-Fields church in central London. The show aims to counter assumptions about the region, its women and its artists, according to Claire Marie Pearman, programme and development associate at Caravan, the arts non-governmental organisation that opened the exhibition initially in Jordan in May.

The artists predominantly focus on portraits and self-portraits, mostly avoiding stereotypes. “The women of the Middle East are just as diverse, nuanced and layered as women everywhere else,” writes Bahrain artist Lulwa Al Khalifa about her oil painting “From the

Outside 2” (2017), in which a woman’s face emerges from a barrier of white lines.

The show, curated by Janet Rady, is in London until August 20, before touring to the Katzen Arts Center, Washington DC (September 5-October 22). Works are available for between \$975 and \$17,000.

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