

TAXATION



presents

2024 Estate and Gift Tax Conference

Panel 13: The Lifecycle of an Art Collection - from
Acquisition to Auction

Friday, March 22, 2024

12:15pm - 12:45pm

Speakers: Victoria Gray

Conference Reference Materials

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Bonhams

AUCTIONEERS SINCE 1793

The Lifecycle of an Art Collection - From Acquisition to Auction

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Best practices when dealing with your client's tangible wealth and how to avoid common pitfalls when dealing with art & collectables. We will track the lifecycle of an art collection from acquisition to auction, with a deep dive into appraisal methodology, authentications, and current regulations for qualified appraisals.



Tangible Personal Property

Includes: Fine Art (Prints, Sculpture, Works on Paper, Paintings; Contemporary to Old Masters), Jewelry, Watches, Luxury Goods (e.g., Handbags), Asian Art (by Source Country), Motor Cars, Rare Books and Manuscripts, Wine and Whisky, Collectibles, 20th Century Decorative Arts, and much more



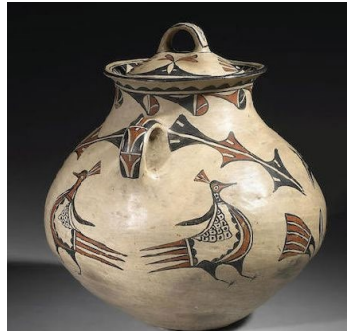
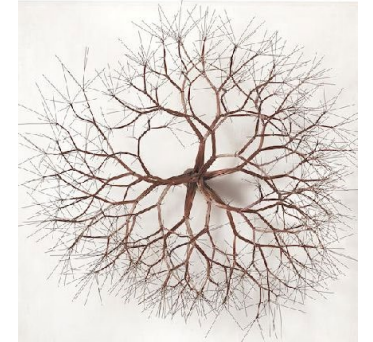
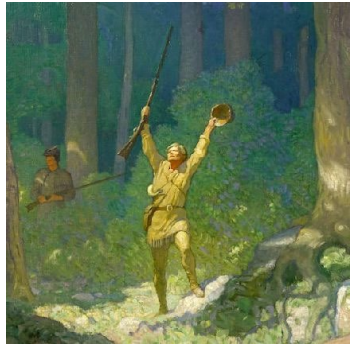
Primary Market



Secondary Market



Appraisals



Types of Appraisals

- Insurance
- Fair Market Value for Estate Tax (706 filing)
- Gift Tax / Charitable Donation
- Financial Planning
- Loan Collateral
- To Establish Cost Basis
- Divorce



www.Carrocel.com



Appraisal Reminders

- Appraisals are not inventories
- Appraisals are not authentications
- Attributions can change
- Appraisals do not confirm title
- Schedule updates
- Examine in person
- Appraisals are not Auction Estimates



Auction Estimates vs. Appraisals

Auction Estimates

- Range of values assigned to an object or group of objects
- Do not require a signed appraisal agreement
- Provided gratis



Appraisal

- Single values assigned to an object or group of objects
- *Formal document* - signed appraisal agreement tailored to the type of appraisal
- Signed affidavit

C

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Fair Market Valuation

Vallejo Street, San Francisco, CA 94123

Fine Art

Main Room

Reference: 30

Vasudeo S. Gaitonde (1924-2001)

Bombay, India, 1963

oil on canvas

signed, titled and dated (on the canvas verso)

40 x 50in

framed

\$900,000



Provenance:

Gallery label on the verso: Humbolt Galleries, SF, 1968

Comparable Sales:

Vasudeo S. Gaitonde (1924-2001)

Painting No. 1

signed, dated and inscribed 'Painting No. 1/ GAITONDE.

62'

Sold, London, June 11, 2013, Lot #34 for

\$961,764 (including buyer's premium)



Vasudeo S. Gaitonde (1924-2001)

Untitled

signed and dated 'V. S. GAITONDE, 1980'

further signed in Hindi and dated '80' (on the reverse)

oil on canvas

53 7/8 x 34 7/8 in

Sold, London, June 10, 2010, Lot #237 for

\$935,775 (including buyer's premium)



Qualified Appraisals

Elements of a Correctly Prepared Appraisal


- Independent and Impartial
- Qualified Appraisers
- Adheres to IRS & USPAP standards
- Photographic record incorporated
- Dimensions
- Medium
- Country of origin
- Comparable market data approach
- Condition, Provenance, Exhibitions, Literature citations



JEWELRY



A pear-shape natural fancy light pink diamond, weighing 8.06 carats
SOLD: \$320,000



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COLORED DIAMOND GRADING REPORT

GIA REPORT 1152455680

May 22, 2013

Shape and Cutting Style **Pear Brilliant**
 Measurements **18.48 x 10.81 x 6.95 mm**

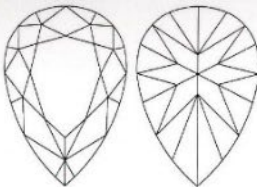
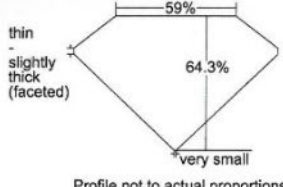
GRADING RESULTS

Carat Weight **8.02 carat**
 Color **VERY LIGHT PINK**
 Origin **NATURAL**
 Distribution **Not Applicable**
 Clarity Grade **VVS1**

ADDITIONAL GRADING INFORMATION

Finish **Excellent**
 Polish **Good**
 Symmetry **Faint**
 Fluorescence **Faint**
 Comments : Internal graining is not shown.

REFERENCE DIAGRAMS

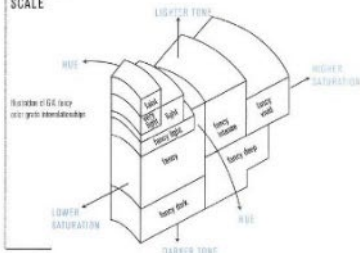
KEY TO SYMBOLS
• Chip
▲ Indented Natural

Red symbols denote internal characteristics (Inclusions). Green or black symbols denote external characteristics (blemishes). Diagram is an approximate representation of the diamond, and symbols shown indicate type, position, and approximate size of clarity characteristics. All clarity characteristics may not be shown. Details of finish are not shown.

GIA CLARITY SCALE

FLAWLESS
 INTERNALLY FLAWLESS
 VVS₁
 VVS₂
 VS₁
 VS₂
 SI₁
 SI₂
 I₁
 I₂
 I₃

GIA COLORED DIAMOND SCALE



510119174790

The Report is not a guarantee, valuation or appraisal and contains only the characteristics of the diamond described herein after it has been posted, tested, examined and analyzed by the laboratory possessing this Report ("GIA") and/or has been inspected using the techniques and equipment used by GIA at the time of the examination and/or inspection. Information reported in this document are not a guarantee, valuation, or warranty of a diamond's quality, clarity or color, or that the diamond will be identifiable by the inscription in the future (since inscriptions can be removed). GIA makes no representation concerning any trademark, word, or symbol which is copied by GIA or which is derived on this Report. The recipient of this Report may wish to consult a credentialed jeweler or gemologist about the information contained herein.

IMPORTANT LIMITATIONS ON BACK
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Authentication



Volumes of the Zervos literature to be referenced for works by Picasso

- Importance of a *catalogue raisonné*
 - What if one does not exist or is incomplete?
 - What if there are multiple conflicting sources?



Foundations disbanding / declining to provide opinions



THE KEITH HARING FOUNDATION INC.



AUCTION HOUSES AND AUTHENTICATION

- Appraisals use the ‘assumes language’
- Auction House Specialists are **not** the authority –they facilitate the authentication process with the recognized authority, foundation, board or outside expertise
- Auction houses add value to the process as the specialists have relationships with the experts and work with them routinely, know the process and can arrange for shipping (including complicated carnets, consolidated shipments)



RESTRICTED MATERIALS & COLLECTING AREAS OF CAUTION

- Ivory
- Tortoiseshell
- Some Endangered Woods: Rosewood
- North American Migratory Bird Feathers
- Other Endangered Species: Marine Mammals



- Classical Antiquities
- Southeast Asian Art
- Native American Art
- Asian Works of Art
- Egyptian Art & Antiquities
- Pre-Columbian & Tribal Art
- National Treasures: Restrictions on Exports

Consignment Chronology

- Review property
- Provide estimates, marketing proposal
- Negotiate and sign consignment contract
- Tag, pack, ship property to saleroom
- Research, photograph, due diligence, catalog
- Marketing, press begins
- Publish catalog
- Preview exhibitions
- **Auction sale**
- Settlement paid to consignor



Financial Terms

Standard Seller Fees:

1. Seller's Commission
2. Minimum Lot Fee
3. Unsold Fee
4. Loss and Damage Warranty
5. Catalog Photo Fee
6. Reproduction Rights
7. Restore, Clean, Reframe
8. Testing, including GIA, AGL
9. Authentication Fee
10. Storage Fee
11. Packing and transport costs



Estimates & Reserves

Estimate: Low and high range; represents opinion; based on examination and recent auction records of comparable pieces; published in catalogues; provides buyers with a preliminary guide to value.

Reserves: All lots are subject to a reserve unless otherwise indicated. Minimum price seller willing to accept; confidential; cannot exceed low estimate.

MEL RAMOS

Chiquita (1965)

INS: \$700,000

FMV: \$520,000

AE: \$400,000-\$600,000



Global Marketplace

Global Selling Venues (New York, London, Hong Kong, Paris, Los Angeles) means:

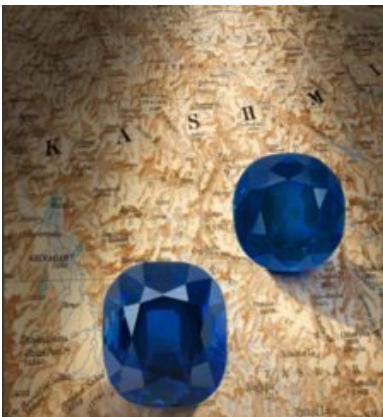
1. Best global market
2. At right moment in calendar
3. With network of global specialists
4. With network of global collectors

SAPPHIRES

Price: \$1,600,000

Sold: New York

Sourced: Australia



EDWIN LORD WEEKS

Price: £500,000

Sold: London

Sourced: New York



MAGRITTE

Price: \$9,978,312

Sold: New York

Sourced: Los Angeles



NEIL PEART DRUM KIT

Price: \$500,000

Sold: Los Angeles

Sourced: Chicago



RICHARD LIN

Price: HK\$6,175,000

Sold: Hong Kong

Sourced: New York



PROVENANCE



A PAIR OF RUTH BADER GINSBURG
CERAMIC SALT AND PEPPER SHAKERS.

COLLECTION OF RBG

Sold for \$4,845 inc. premium



ebay

US \$217.50

Or Best Offer

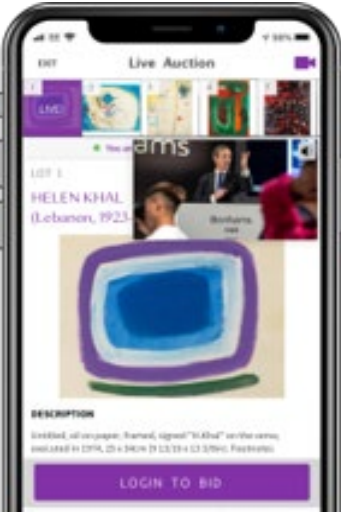
Was \$250

Save \$32.50!



Art & Collectible Auction Market Trends

- Year-long sales calendar
- Increase in online sales
- Digital innovations
- Mash-up of categories
- Fewer paper catalogs
- More photography
- Virtual viewings
- Focus on female artists
- Focus on minority artists
- Slower bidding times
- Strong collector demand
- Buying lots sight-unseen



Over the Years: Motorcars

2019

1955 MERCEDES-BENZ 300SL GULLWING COUPE

Price: \$1,352,500

Sold: Carmel, Quail Lodge & Golf Club



2022

1956 MERCEDES-BENZ 300 SL GULLWING COUPE

Price: \$1,737,500

Sold: Carmel, Quail Lodge & Golf Club



Over the Years: Signed Gold Bangles

2015

**AN 18K GOLD AND EMERALD CUFF,
DAVID WEBB**

Price: \$13,000.00
Sold: New York



2018

**AN 18K GOLD AND EMERALD
CUFF, DAVID WEBB**

Price: \$15,000
Sold: New York



2020

**A GOLD AND EMERALD CUFF,
DAVID WEBB**

Price: \$32,812
Sold: New York



Over the Years: Andy Warhol Prints

2010

JOHN WAYNE

Price: \$35,380

Sold: San Francisco



2021

JOHN WAYNE

Price: \$137,812

Sold: Los Angeles



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Thank You

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